

Notice
Third Regular Joint Quarterly Meeting of the
Board of Directors of the
Colorado River Water Conservation District and of the
Colorado River Water Conservation District
Acting by and Through Its
Colorado River Water Projects Enterprise
July 16*-17, 2019
9:00 a.m.
Glenwood Springs, Colorado

The third regular joint quarterly meeting of 2019 of the Board of Directors of the Colorado River Water Conservation District and of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise will be held on Tuesday July 16, 2019 commencing at 9:00 a.m. at the offices of the Colorado River Water Conservation District, 201 Centennial Street, Glenwood Springs, Colorado and continuing to Wednesday July 17, 2019 at 8:30 a.m.

** Please Note: Executive Session is scheduled for Tuesday July 17, 2019
commencing at approximately 9:05 a.m.*

Agenda
Third Regular Joint Quarterly Meeting of the
Board of Directors of the
Colorado River Water Conservation District
and of the
Colorado River Water Conservation District
Acting by and Through Its
Colorado River Water Projects Enterprise
July 16-17, 2019
9:00 a.m.
Glenwood Springs, Colorado

*Please Note: Executive Session is scheduled on Tuesday July 16, 2019
commencing at approximately 9:05 a.m.*

- | | |
|-------------------|---|
| 9:00 | 1. Review Meeting Agenda and Objectives. |
| 9:00-9:05 | 2. Consent Agenda: <ul style="list-style-type: none">a. Approval of Minutes and Actions Taken:<ul style="list-style-type: none">i. Minutes of Fourth Regular Joint Quarterly Meeting, October 16-17, 2018.ii. Minutes of First Regular Joint Quarterly Meeting, January 15-16, 2019.iii. Minutes of Information and Outreach Committee Meeting, January 15, 2019.iv. Minutes of Special Joint Meeting, Teleconference, February 7, 2019.v. Minutes of Special Joint Meeting/Fiscal Workshop, February 15, 2019.vi. Minutes of Special Joint Meeting, Teleconference, March 7, 2019.vii. Minutes of Special Joint Meeting, Teleconference, March 21, 2019.viii. Minutes of Special Joint Meeting, Teleconference, April 4, 2019.ix. Minutes of Second Regular Joint Quarterly Meeting, April 16-17, 2019.x. Minutes of Special Joint Meeting, Teleconference, April 25, 2019.b. Acceptance of Treasurer's Reports and Check Registers for General, Capital Projects and Enterprise Funds for March and April 2019. |
| 9:05-11:00 | 3. General Counsel's Report: |

- a. Matters Proposed for Executive Session:
 - i. CRCA Implementation Matters.
 - ii. Petition to Adjudicate the Green Mountain Reservoir Administrative Protocol, Blue River Decree Consolidated Cases, and Case No. 13CW3077, Water Division 5.
 - iii. Colorado River District and Town of Gypsum's Application for Finding of Reasonable Diligence for Wolcott Reservoir, Case No. 18CW3160, Water Division 5.
 - iv. Colorado River District Conditional Water Rights. (An Enterprise and General Matter).
 - v. Application of the City of Glenwood Springs for Recreational In-Channel Diversion, Case No. 13CW3109, Water Division 5.
 - vi. Instream Flows and Pre-Existing Uses, C.R.S. Section 37-92-102(3)(b).
 - vii. Wolford Mountain Reservoir – Denver Water Lease Agreement. (An Enterprise Matter).
 - viii. Colorado River Compact, Interstate, International, and Intrastate Negotiation Matters, including Demand Management

11:00-11:10 Break

11:10-11:15 4. Public Comments.

11:15-11:40 3. b. General Counsel's Report, (Cont'd.)Public Session:

- i. Summary and Action Items from Executive Session.
- ii. Ratification of Statement of Opposition in the Application of Roaring Fork Properties, LLC & South Canyon Ranch, LLC, Case No. 19CW3042, Water Division 5. (An Enterprise Matter).
- iii. Mid-Year Review of General Counsel's 2019 Goals and Objectives.
- iv. Discussion of Other Items in General Counsel's Report.

11:40-12:00 5. Financial Matters:

- a. Presentation of 2018 CRWCD Audit by Dan Cudahy with McMahan & Associates, LLC.
- i. Acceptance of 2018 CRWCD Audit.

Lunch will be provided to the Board of Directors of the Colorado River Water Conservation District and River District staff at 12:00 p.m. at the offices of the Colorado River Water Conservation District, 201 Centennial St., Suite 200, Glenwood Springs, Colorado.

1:00-1:30 6. Discussion with Water Division Six Engineer, Erin Light.

1:30-3:30 7. General Manager's Report:

- a. Risk Study Phase III and West Slope Basin Roundtables Meeting.
- b. Drought Contingency Planning and Demand Management Update.

- c. Approval of Contract Amendment with Hydros Consulting, re: Upper Basin Compact/Contingency Planning, and Approval of Continuing Services Agreement with Hydros Consulting.
- d. Colorado River Basin Hydrology.
- e. Proposed Modifications to Personnel Policy.
- f. Discussion of Triennial Salary Survey.
- g. Discussion of River District Long Term Financial Health.
- h. Update on Pilot Rock Ditch, Delta County.
- i. Battle Creek Reservoir PL566 Grant Application of the Savory-Little Snake Water Conservancy District (Wyoming) and the Pothook Water Conservancy District (Colorado).
- j. Water Bank Work Group Update.
- k. Approval of Contract Amendment with Harvey Economics, re: Grand Lake Water Clarity.
- l. Yampa Integrated Water Management Plan Contracting Authorization. (An Enterprise and General Matter).
- m. Mid-Year Review of General Manager's 2019 Goals and Objectives.

3:30-3:40 **Break**

- 3:40-4:30** 8. Annual Policy Discussion:
- a. Instream Flows.
 - b. Water Quality.

*Dinner will be provided to the Board of Directors of the
Colorado River Water Conservation District and River District staff at 6:00 p.m.
at Rivers Restaurant, 2525 So. Grand Ave., Glenwood Springs, Colorado.
Continue the meeting to Wednesday, July 17, 2019 at 8:30 a.m.*

- 8:30-9:00** 9. Directors' Basin Updates and/or Concerns.
- 9:00-9:45** 10. External Affairs:
- a. Information and Outreach Update.
 - b. State Affairs.
 - c. Federal Affairs.
- 9:45-10:00** 11. Lower Gunnison Project Update.
- 10:00-11:00** 12. Project Operations and Updates: (Enterprise Matters).
- a. Wolford Mountain Reservoir:
 - i. Ritschard Dam Work Update.
 - ii. Concessionaire Contract Approval.
 - iii. AECOM Risk Assessment Report.
 - b. Elkhead Reservoir.
 - c. Eagle River MOU Update.
- 11:00-11:05** 13. Future Meetings:

- a. CRWCD Annual Seminar, **September 18, 2019, Colorado Mesa University.**
- b. CRWCD 2020 Budget Workshop, **September 19, 2019, Grand Junction, CO.**
- c. Fourth Regular Joint Quarterly Meeting, **October 15-16, 2019, Glenwood Springs, CO.**
- d. Other Meetings:
 - i. CWC Summer Convention, **August 20-22, 2019.**
 - ii. Tour of Northern Water Conservancy District West and East Slope C-BT Project Components, **August 29, 2019: RSVP to Luci Wilson by July 31, 2019.**
 - iii. Statewide Basin Roundtable Summit, **September 25-26, 2019, Winter Park, CO.**
 - iv. CRWUA Convention, **December 11-13, 2019, Las Vegas, NV.**

The Board may address the agenda in any order to accommodate the needs of the Board and the Audience.

Persons with special needs due to a disability are requested to call the River District at 970-945-8522 at least three days prior to the meeting.

This agenda may be viewed and printed from our website at www.crwcd.org

GO BACK

MINUTES¹

**FOURTH REGULAR JOINT QUARTERLY MEETING OF THE
BOARD OF DIRECTORS OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT
AND OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
ACTING BY AND THROUGH ITS COLORADO RIVER WATER PROJECTS ENTERPRISE**

October 16-17, 2018

Pursuant to notice duly and properly given, the Fourth Regular Joint Quarterly Meeting of the Board of Directors of the Colorado River Water Conservation District (CRWCD) and of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise was held on Tuesday and Wednesday October 16-17, 2018 at the offices of the Colorado River Water Conservation District, 201 Centennial Street, Glenwood Springs, Colorado.

Directors present during all or part of the meeting:

Tom Alvey, President	David H. Merritt, Vice President
Mike Ritschard	Steve Acquafresca
William S. Trampe	Tom Gray
Martha Whitmore	Karn Stiegelmeier
Doug Monger	Alden Vanden Brink
Kathy Chandler-Henry	Rebie Hazard
Marc Catlin	John Ely

Directors not present during the meeting:

Stan Whinnery

Others present during all or part of the meeting:

Andy Mueller, General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
John Currier, Chief Engineer, CRWCD
Chris Treese, Manager, External Affairs, CRWCD
Jason Turner, Senior Counsel, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Ian Philips, Chief Accountant, CRWCD
Jim Pokrandt, Director, Community Affairs, CRWCD
Zane Kessler, Communications Director, CRWCD
Dave Kanzer, Deputy Chief Engineer, CRWCD
Don Meyer, Sr. Water Resources Engineer, CRWCD
Mike Eytel, Sr. Water Resources Specialist, CRWCD
Hunter Causey, Water Resources Engineer, CRWCD
Sonja Chavez, Water Resources Specialist, CRWCD
Denise Hussain, Records Administrator/Records Specialist, CRWCD
Martha Moore, Public Affairs Specialist, CRWCD
Alesha Frederick, Business Support Specialist, CRWCD
Luci Wilson, Accountant, CRWCD
Meredith Spyker, Administrative Assistant, CRWCD
Frank Kugel, Upper Gunnison River Water Conservancy District
Beth Van Vurst, Fairfield and Woods (via phone)
Bruce Whitehead, Southwestern Water Conservation District (via phone)

¹An audio recording has been made of the meeting. The motions described herein may not necessarily represent a verbatim transcription. The audio recordings are available for listening at the CRWCD offices during regular office hours. These minutes are the official record of the Colorado River Water Conservation District's meeting.

Orla Bannon, Western Resources Advocates
April Long, Ruedi Water and Power Authority
Kevin Lusk, Colorado Springs Utilities
Maria Pastore, Colorado Springs Utilities
Jeff Deems, University of Colorado
Terri Evans, Employers Council
Lain Leoniak, Colorado Attorney General's Office
Brent Newman, Colorado Water Conservation Board
Brent Gardner Smith, Aspen Journalism
Diane Johnson, Eagle River Water & Sanitation District
Bob Hurford, Water Division 4
Jason Ullman, Water Division 4
Brad McCloud, EIS Solutions
Steve Jameson, W. W. Wheeler & Associates
Ed Olszewski, Olszewski, Massih & Maurer, P.C.
Wade Cox, Rio Blanco Water Conservancy District
Tim Winkler, Rio Blanco Water Conservancy District
Dennis Webb, Grand Junction Sentinel
Jeff Rector, Rio Blanco County Commissioner
Peggy Rector, Rio Blanco Water Conservancy District

Quorum.

President Alvey found a quorum and called the meeting to order at 9:06 a.m.

Review Meeting Agenda and Objectives.

Peter Fleming requested the addition of agenda item 3.b.iv regarding the Amendment of CRCA to Replace Exhibit J with a new Exhibit J, and item 3.b.v., Designation of a Representative to the West Slope Fund Management Committee. Director Monger moved, seconded by Director Ely, to approve the agenda as amended. Motion carried unanimously.

Acceptance of Treasurer's Reports for June and July 2018.

Director Merritt moved, seconded, by Director Trampe, to accept the treasurer's reports and check registers for General, Capital Projects and Enterprise Funds for June and July 2018. Motion carried unanimously.

General Counsel's Report – Executive Session.

Peter Fleming reported that the following matters qualify for discussion in Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and (e)(negotiations) and recommended that the Board invite members of the Southwestern Water Conservation District to participate in a portion of Executive Session:

- i. Colorado River Cooperative Agreement Implementation Matters.
- ii. Diligence Application of Colorado Springs Utilities, Case No. 15CW3019, Water Division 5.
- iii. Bunte Highline Ditch.
- iv. Colorado River District Project Development, Wolcott Project and Battlement Mesa Conditional Water Rights.
- v. 1975 Taylor Park Reservoir Exchange Agreement.
- vi. Colorado River Compact, Intra-State, Interstate, and International Negotiation Matters, including Drought Contingency Planning Negotiation Matters.
- vii. Eagle Park Reservoir Company Diligence Application for Pando Feeder Canal, Water Division 5. (An Enterprise Matter)
- viii. Eagle River MOU, Response to Homestake 90-day Notice. (An Enterprise Matter).

Director Whitmore moved, seconded by Director Trampe, to proceed into Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and (e)(negotiations) and to invite Bruce Whitehead and Beth Van Vurst to participate in Executive Session for discussion of Agenda Item 3.a.vi. Motion carried unanimously.

Peter Fleming stated that no further record of the Executive Session need be kept based on his opinion that the discussion will constitute privileged attorney-client communications.

President Alvey reconvened into Public Session at 3:05 p.m.

General Counsel's Report – Public Session.

Peter Fleming reported that during Executive Session, the Board provided guidance to staff and General Counsel on the following matters:

- i. Colorado River Cooperative Agreement Implementation Matters.
- ii. Diligence Application of Colorado Springs Utilities, Case No. 15CW3019, Water Division 5.
- iii. Bunte Highline Ditch.
- iv. Colorado River District Project Development, Wolcott Project and Battlement Mesa Conditional Water Rights.
- v. 1975 Taylor Park Reservoir Exchange Agreement.
- vi. Colorado River Compact, Intra-State, Interstate, and International Negotiation Matters, including Drought Contingency Planning Negotiation Matters.
- vii. Eagle Park Reservoir Company Diligence Application for Pando Feeder Canal, Water Division 5. (An Enterprise Matter)

Director Merritt moved, seconded by Director Trampe, to confirm the Board's intent to maintain the conditional portion of the Wolcott Pumping Plant and Pipeline and Wolcott Reservoir water rights and direct staff to take steps necessary to complete the appropriation in a reasonably expedient and efficient manner, consistent with Colorado law, and direct counsel and staff, in consultation with the Town of Gypsum, to file an application seeking a finding of reasonable diligence for the conditional portions of the Wolcott Pumping Plant and Pipeline and Wolcott Reservoir water rights. Motion carried unanimously.

Director Whitmore moved, seconded by Director Ritschard, to direct counsel and staff to file a notice of intent to abandon the River District's 77.5 % interest in Buzzard Creek Dam and Reservoir and Owens Creek Reservoir water rights as well as its 100% ownership interest in the Colorado Canal, Brush Creek Canal, and Harrison Canal water rights. Motion carried unanimously.

Director Acquafresca moved, seconded by Director Whitmore, to authorize the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, as a shareholder in the Eagle Park Reservoir Company, to be a co-applicant in the Application for Reasonable Diligence for the Pando Feeder Canal water right owned by the Eagle Park Reservoir Company. Motion carried unanimously. (An Enterprise matter).

Director Trampe moved, seconded by Director Catlin, to approve a Memorandum of Understanding among the Learning by Doing Management Committee member entities regarding governance. Motion carried unanimously.

Director Stiegelmeier moved, seconded by Director Whitmore to approve a proposed amendment to the Colorado River Cooperative Agreement to replace Exhibit J to the CRCA with a revised version of Exhibit J. Motion carried unanimously.

Director Gray moved, seconded by Director Trampe, to designate Andy Mueller as the River District's representative to the West Slope Fund Management Committee replacing Eric Kuhn and to designate Peter Fleming as the alternate to Mr. Mueller. Motion carried unanimously.

Director Acquafresca moved, seconded by Director Whitmore to approve an amendment to the Grand Valley Common Interest Cost-Sharing Agreement extending the agreement to December 31, 2019. Motion carried unanimously.

Presentation on NASA-sponsored Airborne Snow Observatory by Dr. Jeffrey Deems.

Dr. Jeffrey Deems provided an overview of the current activities and goals of the airborne snow observatory as well as future projects. A major objective is to improve water supply forecasts that in turn could lead to improvements in water planning and management.

Presentation on Colorado Springs Utilities Integrated Water Resource Plan by Kevin Lusk.

Kevin Lusk, principal engineer for Colorado Springs Utilities (CSU), reviewed the history and structure of CSU's water supply system and provided a summary of CSU's Integrated Water Resource Plan (IWRP) that was completed in 2017. The purpose of the IWRP is to prepare a road map for CSU's future water resources planning and management strategy for the next 50 years. The IWRP integrates water supply planning, conservation, reuse, and environmental, social and political factors to meet future water challenges in CSU's current and future service area.

General Manager's Report.

Drought Contingency Planning and Demand Management Update:

Andy Mueller updated the Board on recent events surrounding drought contingency planning and demand management. The Upper Colorado River Commission's draft Drought Contingency Plan (DCP) documents were recently released and are currently being reviewed by staff. Several Board and staff members attended a Colorado Water Conservation Board (CWCB) meeting in Steamboat Springs on September 19 and relayed the River District's position that federal legislation to authorize both the Upper and Lower Basin DCPs and a demand management program in Colorado are integrally connected, and demand management program water contributions must be voluntary, temporary and compensated. At a subsequent meeting, the CWCB directed its staff to draft a policy setting forth principles to guide the state in considering a demand management program.

Mr. Mueller went on to request Board discussion and direction on issues related to a demand management program. An extensive discussion by the Board, led to a reaffirmation of the River District's support for six principles (listed below) that the River District and Southwestern Water Conservation District sent to the CWCB and the State Engineer requesting that the State of Colorado commit to these principles during the creation and implementation of any demand management program. The Board also confirmed its support for an open, transparent, and public process for the creation of a demand management program.

1. The storage account in Lake Powell or other CRSPA initial units must be available without charge, used for the purpose of storing water created by managing consumptive uses under a Demand Management Program for the exclusive benefit of the Upper Division States to ensure compliance with Article III of the Colorado River Compact ("Upper Division storage account").
2. The Upper Division storage account must be exempt from coordinated operations between Lakes Mead and Powell. In other words, such an account should not be subject to equalization or balancing releases from Lake Powell.
3. Colorado's contributions to the Demand Management Program will be generated exclusively through voluntary, temporary and compensated contributions of water that was beneficially used under existing rights and otherwise would have depleted flows in the Upper Basin within Colorado

- prior to being conserved as part of that program. The conserved water would be stored and accounted for in the Upper Division storage account until it is determined by the Upper Colorado River Commission (UCRC) that release of the water is necessary for compliance with the Colorado River Compact. A demand management program will reflect proportionate contributions from each Upper Division state.
4. The creation, delivery, and use of the conserved water must not injure the water rights of others. Conserved water shall not be consumptively used by others within any Upper Division state.
 5. The Demand Management Program will be implemented to avoid disproportionate impacts to any single basin or region within Colorado. This means that water generated from Colorado under the Demand Management Program will be derived from water rights used on both sides of the Continental Divide and more specifically, in amounts that are roughly proportionate to those two regions' post-compact depletions from the Colorado River. The payments for water generated by demand management should be market-based within the area or market from which the water is generated, and recognizing different market values for water within the state, will not necessarily be proportionate between basins. No water user would be required to contribute conserved water for this purpose and no entity or person would be expected or required to contribute funds for this purpose. Contributions would also be subject to annual and cumulative volumetric caps.
 6. Colorado's participation in a Demand Management Program must be consistent with Principles 1 through 7 of the Conceptual Framework set forth in Colorado's Water Plan.

Employers Council Services Salary Survey.

Terri Evans of Employers Council Services presented the 2018 River District salary survey that is conducted triennially pursuant to the Board's policy. The purpose of the survey is to determine if salary ranges remain competitive and consistent with the District's compensation goals. Andy Mueller noted two areas of divergence from the historical practices of the River District contained in the survey. Director Ely moved, seconded by Director Chandler-Henry, to accept staff's recommendation to allow the discretion of the General Manager and General Counsel to use salary survey data to set the salary range midpoint for staff. Motion carried unanimously. A discussion ensued regarding the survey methodology as a whole and the Board's policy of paying at the 65th percentile, as well as the circumstances that led to that policy. Staff was directed to research the matter and report to the Board at a future meeting.

President Alvey recessed the meeting at 5:30 p.m.

Wednesday October 17, 2018

President Alvey found a quorum and reconvened the meeting at 8:31 a.m.

Division Engineer Updates.

Water Division 4 Engineer Bob Hurford reported that 2018 runoff was dismal throughout the Gunnison River Basin, and in some areas of the basin was the worst in 100 years. Mr. Hurford noted that the difference between the 2002 drought and 2018 drought was reservoir storage levels. The high reservoir levels in 2018 resulted in a somewhat successful irrigation year.

Budget Hearings.

President Alvey opened the 2019 budget hearings.

Andy Mueller reported that the budget notice was published in local papers and that copies of the budget were sent to each county to be posted and was available to the public at the district office and on the district's website. Comments were requested from the public on the River District website. No public comment was received.

Resolution for 2018 General Fund Budget Amendments:

Director Gray moved, seconded by Director Trampe, to adopt a resolution summarizing expenditures and revenues for the General Fund and adopting an amended budget for the Colorado River Water Conservation District, Colorado for the calendar year beginning on the first day of January 2018 and ending on the last day of December 2018. Motion carried unanimously.

Resolution to Adopt 2019 General Fund Budget:

Director Merritt moved, seconded by Director Vanden Brink, to adopt a resolution summarizing expenditures and revenues for the General Fund and adopting a budget for the Colorado River Water Conservation District, Colorado for the calendar year beginning on the first day of January 2019 and ending on the last day of December 2019. Motion carried unanimously.

Resolution for 2018 Capital Projects Fund Budget Amendments:

Director Merritt moved, seconded by Director Acquafresca, to adopt a resolution summarizing expenditures and revenues for the Capital Projects Fund and adopting an amended budget for the Colorado River Water Conservation District, Colorado for the calendar year beginning on the first day of January 2018 and ending on the last day of December 2018. Motion carried unanimously.

Resolution to Adopt 2019 Capital Projects Fund Budget:

Director Merritt, seconded by Director Chandler-Henry, to adopt a resolution summarizing expenditures and revenues for the Capital Projects Fund and adopting a budget for the Colorado River Water Conservation District, Colorado for the calendar year beginning on the first day of January 2019 and ending on the last day of December 2019. Motion carried unanimously.

Resolution for 2018 Enterprise Fund Budget Amendments:

Director Merritt moved, seconded by Director Hazard, to adopt a resolution summarizing expenditures and revenues for the Colorado River Water Projects Enterprise and adopting an amended budget for the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise for the calendar year beginning on the first day of January 2018 and ending on the last day of December 2018. Motion carried unanimously.

Resolution to Adopt 2019 Enterprise Fund Budget:

Director Merritt moved, seconded by Director Hazard, to adopt a resolution summarizing expenditures and revenues for the Colorado River Water Projects Enterprise and adopting a budget for the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise for the calendar year beginning on the first day of January 2019 and ending on the last day of December 2019. Motion carried unanimously.

Resolutions to Appropriate Sums of Money. (General and Capital Projects Funds):

Director Merritt moved, seconded by Director Stiegelmeier, to adopt resolutions appropriating sums of money to the various funds in the following amounts and for the following purposes, for the Colorado River Water Conservation District, Colorado for the 2019 budget year: General Fund 6,085,075, Capital Projects Fund, \$3,850,126. Motion carried unanimously.

Resolutions to Appropriate Sums of Money. (Enterprise Fund):

Director Merritt moved, seconded by Director Ritschard, to adopt a resolution appropriating sums of money to the Enterprise Fund in the following amount and for the following purposes, for the Colorado River Water Conservation District, Colorado for the 2019 budget year, Enterprise Fund, \$9,936,630. Motion carried unanimously.

Resolution to Transfer Unspent 2018 Balances:

Director Merritt moved, seconded by Director Trampe, to adopt a resolution to authorize and direct the transfer of monies to the Capital Projects Fund from the General Fund in the amount of revenues less expenditures in 2018 and an amount sufficient to cover expenses prior to the receipt of 2019 tax revenues. This resolution further authorizes and directs that the funds be transferred no later than December 31, 2018. Motion carried unanimously. (The resolutions are attached as Appendices A.-I.).

President Alvey closed the budget hearings.

Presentation of Rio Blanco White River Storage Project.

Director Vanden Brink provided a brief summary of hydrologic conditions in the White River basin and examples of shortages and impacts water users experience during dry years. The White River Storage Project studies were undertaken to determine a feasible storage project to alleviate future water shortages within the basin. The studies have concluded that Wolf Creek Dam and Reservoir would be the most economically and hydrologically viable option to provide necessary storage in the basin. Funding options are being explored and the timeline for the project has been projected to begin with the pre-permitting phase in 2019 and concluding with construction commencing in 2023. Support for the project was expressed by board members from the Rio Blanco Water Conservancy District, Rio Blanco County Commissioner Jeff Rector, and several River District board members.

A request was made for a partnership with the River District including a \$50,000 contribution for the pre-permitting phase, technical support from River District staff, peer review of White River PBO flow recommendations, and potential involvement in permitting. Director Trampe moved, seconded by Director Catlin, to direct staff to evaluate the request utilizing the District's project analysis rubric and report the results at the January 2019 quarterly board meeting. Motion carried unanimously.

External Affairs.

Information and Outreach Update:

It was reported that the River District's first webinar was successful with approximately 150 people connected to the webinar. It was also reported that the District's 15th annual water seminar in September had record attendance. Finally, the H2O Outdoors camp has been scheduled for October 23-25.

State Affairs:

Zane Kessler provided a summary of activities undertaken by three state legislative committees over the past several months. The Water Interim Committee requested ten bills be drafted, however, two were withdrawn, and four failed to garner the required committee support.

The Gallagher Interim Committee examined potential bills to address the negative impacts of the Gallagher Amendment on special districts dependent upon property tax revenues, such as the River District.

A proposed bill from the Wildfire Interim Committee would establish a Colorado fire commission under the Division of Safety.

Federal Affairs:

Chris Treese reported that a funding bill for the San Juan and Upper Colorado Recovery Programs for 2019 has passed.

General Manager's Report (Cont'd).

Update on Colorado Water Plan Funding Efforts:

Andy Mueller reported that funding options for Colorado's Water Plan are continuing to be explored. Possible revenue streams being discussed are container, lodging, and sports-betting taxes.

Service Anniversary Recognition:

Audrey Turner expressed the River District's appreciation to Meredith Spyker for her 10 years of service to the District.

Technical Staff Update:

Grand Lake Clarity Adaptive Management Update:

Mike Eytel provided an update on Grand Lake clarity and reported that modified operations of the C-BT Project in 2018 resulted in very little degradation of water clarity in Grand Lake.

Approval of Disbursement Variance for Gould Canal Improvement Project:

Director Monger moved, seconded by Director Merritt, to approve disbursing the full awarded grant amount of \$50,000 to the Fruitland Irrigation Company for its Gould Canal Improvement Project. Motion carried unanimously.

Debriefing on Drought Operations, Divisions 4, 5 & 6:

John Currier, Don Meyer and Dave Kanzer reviewed the drought year in the basins within the River District's boundaries. Extraordinarily hot and dry weather coupled with poor snowpack created historic drought conditions.

Recommendation Regarding Hiring of Auditor for 2018 Fiscal Year:

Director Whitmore moved, seconded by Director Trampe, to engage the firm of McMahan and Associates, LLC to perform the CRWCD 2018 audit. Motion carried unanimously.

Project Updates.

Wolford Mountain Reservoir (An Enterprise Matter):

Ray Tenney, John Currier, and Hunter Causey provided an update on the crest restoration project at Wolford Mountain Reservoir. Mr. Causey also discussed the Silver Creek wildfire close to the reservoir and outlined the potential negative impacts to Wolford. Staff will stay involved in meetings to discuss the mitigation efforts.

Directors' Basin Updates and/or Concerns.

Director Trampe remarked that Colorado River Compact curtailment issues would need to be addressed in water plan funding as well as for other compact compliance efforts throughout the state.

Director Acquafresca reported that the Grand Valley Water Users Association is hosting a symposium with the Attorney General's office to discuss demand management.

Future Meetings.

- a. First Regular Joint Quarterly Meeting, **January 15-16, 2019**, Glenwood Springs, CO.
- b. Special Joint Meeting Teleconference Meetings, **beginning February 7, 2019 (Bi-weekly)**.
- c. Second Regular Joint Quarterly Meeting, **April 16-17, 2019**, Glenwood Springs, CO.
- d. Third Regular Joint Quarterly Meeting, **July 16-17, 2019**, Glenwood Springs, CO.
- e. Fourth Regular Joint Quarterly Meeting, **October 15-16, 2019**, Glenwood Springs, CO.
- f. Other Meetings:
 - i. CRWUA Conference, **December 12-14, 2018**, Las Vegas, NV.
 - ii. Colorado Water Congress Annual Convention, **January 30-February 1, 2019**, Westminster, CO.

Personnel Review Matters.

Peter Fleming recommended that the following matters qualify for discussion in Executive Session pursuant to C.R.S. §§ 24-6-402(4)(f)(personnel):

- a. General Manager's Review.

b. General Counsel's Review.

Director Hazard moved, seconded by Director Trampe, to reconvene into Executive Session pursuant to C.R.S. §§ 24-6-402(4)(f)(personnel). Motion carried unanimously.

Mr. Fleming stated that the discussion of personnel matters would be recorded and retained for 90 days.

President Alvey reconvened into Public Session at 3:05 p.m.

Personnel Review Matters – Public Session.

Peter Fleming reported that during Executive Session the Board discussed the following:

- a. General Manager's Review.
- b. General Counsel's Review.

Director Merritt moved, seconded by Director Whitmore, to increase the General Manager's salary by 3.2% for 2019. Motion carried unanimously.

Director Merritt moved, seconded by Director Whitmore, to increase the General Counsel's salary by 3.2% for 2019. Motion carried unanimously.

Adjourn.

There being no other business before the Board, President Alvey adjourned the meeting at 3:10 p.m.

David H. Merritt, President

ATTEST:

Andrew A. Mueller, Secretary/General Manager

Executive Session Attestations.

I hereby attest that the portions of the Executive Session that were not recorded constituted privileged attorney-client communications.

Peter Fleming, General Counsel

GO BACK

MINUTES¹

**FIRST REGULAR JOINT QUARTERLY MEETING OF THE
BOARD OF DIRECTORS OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT
AND OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT
ACTING BY AND THROUGH ITS COLORADO RIVER WATER PROJECTS ENTERPRISE**

January 15-16, 2019

Pursuant to notice duly and properly given, the First Regular Joint Quarterly Meeting of the Board of Directors of the Colorado River Water Conservation District (CRWCD) and of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise was held on Tuesday and Wednesday January 15-16, 2019 at the offices of the Colorado River Water Conservation District, 201 Centennial Street, Glenwood Springs, Colorado.

Directors present during all or part of the meeting:

Tom Alvey, President, Delta County	David H. Merritt, Vice President, Garfield County
Mike Ritschard, Grand County	Marc Catlin, Montrose County
William S. Trampe, Gunnison County	Steve Acquafresca, Mesa County
John Ely, Pitkin County	Doug Monger, Routt County
Alden Vanden Brink, Rio Blanco County	Martha Whitmore, Ouray County
Stan Whinnery, Hinsdale County	Kathy Chandler-Henry, Eagle County
Karn Stiegelmeier, Summit County	Rebie Hazard, Saguache County

Directors not present:

Tom Gray, Moffat County

Others present during all or part of the meeting:

Andrew A. Mueller, General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
John Currier, Chief Engineer, CRWCD
Chris Treese, Manager, External Affairs, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Jason Turner, Senior Counsel, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Jim Pokrandt, Director, Community Affairs, CRWCD
Zane Kessler, Communications Director, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Dave Kanzer, Deputy Chief Engineer, CRWCD
Don Meyer, Sr. Water Resources Engineer, CRWCD
Ian Philips, Chief Accountant, CRWCD
Mike Eytel, Sr. Water Resources Specialist, CRWCD
Hunter Causey, Water Resources Engineer, CRWCD
Sonja Chavez, Water Resources Specialist, CRWCD
Dave Smith, Engineering Technician, CRWCD
Lorra Nichols, Paralegal, CRWCD
Denise Hussain, Records Administrator/Records Specialist, CRWCD
Alesha Frederick, Business Support Specialist, CRWCD
John Justman, Commissioner, Mesa County
Brent Gardner Smith, Aspen Journalism

¹An audio recording has been made of the meeting. The motions described herein may not necessarily represent a verbatim transcription. The audio recordings are available for listening at the CRWCD offices during regular office hours. These minutes are the official record of the Colorado River Water Conservation District's meeting.

Jackie Brown, Tri-State Generation & Transmission
Diane Johnson, Eagle River Water & Sanitation District
Kathleen Curry, Upper Gunnison River Water Conservancy District
Doug Kemper, Executive Director, Colorado Water Congress
Ken Neubecker, American Rivers
Jim Plumoff, Uncompahgre Valley Water Users Association
Orla Bannon, Western Water Advocates
Ken Brenner, Upper Yampa Water Conservancy District
Brad McCloud, EIS Solutions

Quorum.

President Alvey found a quorum and called the meeting to order at 9:02 a.m.

Review Meeting Agenda and Objectives.

Director Whitmore moved, seconded by Director Hazard, to approve the agenda as presented. Motion carried unanimously.

Presentation and Report of Directors' Credentials for Delta, Eagle, Grand, Hinsdale and Summit Counties.

President Alvey reported that executed credentials for directors from Eagle, (Chandler-Henry), Grand, (Ritschard), Hinsdale, (Whinnery), and Summit, (Stiegelmeier) have been received by the River District and are in order. (The credentials are attached as Appendices A-D).

Election of Board Officers.

Election of President:

Director Acquafresca moved, seconded by Director Whitmore, to nominate Director Merritt as president. Director Monger moved, seconded by Director Chandler-Henry, to close nominations and elect Director Merritt as president for 2019. Motion carried unanimously.

Election of Vice President:

Director Vanden Brink moved, seconded by Director Ritschard, to nominate Director Whitmore as vice president. Director Monger moved, seconded by Director Whinnery, to close nominations and elect Director Whitmore as vice president for 2019. Motion carried unanimously.

Appointment of Committees for 2019.

President Merritt provided background information regarding appointments to the Executive Committee which, historically, has rotated among counties within basin and sub-basin groups of counties and includes the President as chairman. The Executive Committee, consistent with historical rotation among counties, for 2019 is comprised of directors from Hinsdale, Ouray, Pitkin, Routt, and Summit Counties as well as the Board President. Other committee assignments are made by the President and Vice President.

Consent Agenda.

Director Vanden Brink moved, seconded by Director Trampe, to approve the following consent agenda as presented. Motion carried unanimously.

- a. Designation for Posting Notices.
- b. Reappointment of General Manager, General Counsel and Treasurer.
- c. Confirmation of Assistant Secretary.
- d. Approval of Minutes and Actions Taken:
 - i. Minutes of Third Regular Joint Quarterly Meeting, July 17-18, 2018.
 - ii. Acceptance of Treasurer's Reports and Check Registers for General, Capital Projects and Enterprise Funds for August, September, October, and November 2018.

General Counsel's Report – Executive Session.

Peter Fleming reported that the following matters qualify for discussion in Executive Session pursuant to C.R.S. §§ 24-6-402(4) b)(legal advice) and (e)(negotiations):

- a. Matters Proposed for Executive Session:
 - i. Colorado River Cooperative Agreement Implementation Matters.
 - ii. Application of City of Glenwood Springs for Recreational In-Channel Diversion Water Right, Case No. 13CW3109, Water Division 5.
 - iii. Colorado River District Conditional Water Rights.
 - iv. Application of Water Horse Resources for Utah Water Right.
 - v. Colorado River Compact, Interstate, International, and Intrastate Negotiation Matters Including Demand Management.
 - vi. Welford Mountain Reservoir Conveyance of Interest to Denver Water. (An Enterprise Matter).

Director Stiegelmeier moved, seconded by Director Acquafresca, to proceed into Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and (e)(negotiations). Motion carried unanimously.

Peter Fleming stated that no further record of the Executive Session need be kept based on his opinion that the discussion will constitute privileged, attorney-client communications.

President Merritt reconvened into Public Session at 11:50 a.m.

General Counsel's Report – Public Session.

Peter Fleming reported that during Executive Session, the Board provided guidance to staff and General Counsel on the following matters:

- i. Colorado River Cooperative Agreement Implementation Matters.
- ii. Application of City of Glenwood Springs for Recreational In-Channel Diversion Water Right, Case No. 13CW3109, Water Division 5.
- iii. Colorado River District Conditional Water Rights.
- iv. Application of Water Horse Resources for Utah Water Right.
- v. Colorado River Compact, Interstate, International, and Intrastate Negotiation Matters Including Demand Management.
- vi. Welford Mountain Reservoir Conveyance of Interest to Denver Water. (An Enterprise Matter).

Director Acquafresca moved, seconded by Director Alvey, to extend the term of the CRCA Implementation Common Interest and Cost-Share Agreement to January 31, 2020. Motion carried unanimously.

Director Chandler-Henry moved, seconded by Director Ritschard, to extend the duration of its existing delegation to the CRCA Implementation Subcommittee to January 31, 2020. Motion carried unanimously.

Director Whinnery moved, seconded by Director Trampe, to authorize counsel to stipulate to the entry of a proposed decree subject to the City of Glenwood Springs reaching stipulations with the remaining objectors in the Application of City of Glenwood Springs for Recreational In-Channel Diversion Water Right, Case No. 13CW3109, Water Division 5. Motion carried unanimously.

Director Hazard moved, seconded by Director Trampe, to ratify the Homestake Exchange Diligence Application, Case No. 18CW3215, Water Division 5. Motion carried unanimously. (An Enterprise Matter).

Director Ritschard moved, seconded by Director Whinnery, to ratify a statement of opposition to the Application of the City of Northglenn, Case No. 17CW3159, Water Division 1. Motion carried unanimously.

Director Alvey moved, seconded by Director Whinnery, to ratify a statement of opposition to the Application of the Connell Development, Case No. 18CW3162, Water Division 5. Motion carried unanimously.

Director Monger moved, seconded by Director Trampe, to approve the 2019 rate increase for Special Counsel Graham Gilbert of Snell & Wilmer, LLP. Motion carried unanimously.

Peter Fleming referred the Board to the General Counsel's 2019 goals and objectives and noted there were slight adjustments made based on comments from the Board during the October 2018 review of General Counsel.

Discussion with Doug Kemper, Executive Director, Colorado Water Congress.

Doug Kemper provided an overview of the creation of the Colorado Water Congress (CWC) and some issues the CWC has focused on through the years such as the Upper Colorado and San Juan Recovery Programs, and state and federal legislation.

General Manager's Report.

General Manager's 2019 Goals and Objectives:

Andy Mueller referred the Board to a memo outlining the General Manager's goals and objectives for 2019 and invited comments from the Board.

Drought Contingency Planning and Demand Management Update:

Mr. Mueller noted that a critical role for the River District to play in the development of a demand management program, is to orchestrate a broader discussion on the West Slope with water users seeking significant feedback from the water districts and others who are engaged in a statewide discussion of demand management. This will help ensure strong West Slope representation in the development of a state water demand management plan.

Proposed Fiscal Agency for Yampa Integrated Water Management Plan (An Enterprise Matter):

Director Vanden Brink moved, seconded by Director Chandler-Henry, to authorize the River District to act as the fiscal agent for the Yampa Integrated Water Management Plan subject to the District's TABOR capacity and a 10% management fee for the River District's Enterprise Fund, and contingent upon the Yampa/White/Green Roundtable's receipt of a Colorado Water Conservation Board grant. Motion carried unanimously with Director Monger abstaining from the vote.

White River Storage Project:

Director Monger moved, seconded by Director Trampe, to approve a financial contribution not to exceed \$50,000 and an in-kind contribution of River District staff time toward the pre-permitting evaluation of the White River Storage Project. Motion carried unanimously with Director Vanden Brink abstaining from the vote.

Colorado River Basin Hydrology: Short Term Forecast for 2019:

Dave Kanzer reported that the April-July inflow forecast to Lake Powell is 64% of average. It is also projected that at the end of 2019, Lake Powell is projected to be at 38% of capacity. Blue Mesa and Taylor Park Reservoirs in the Gunnison River Basin are not projected to fill. Don Meyer reported that Lake Granby inflow is forecast to be near average. The Wolford Mountain Reservoir inflow forecast is projected to be 88% of average and Elkhead Reservoir is forecast to be below average.

Phase III Risk Study Update:

John Currier reported that Phase III of the Risk Study is now underway and an update will be provided at a future meeting. The purpose of Phase III is to continue to answer Colorado River system risk questions posed by the West Slope Roundtables.

Approval of Joint Funding Agreement, re: USGS Gaging:

Director Vanden Brink moved, seconded by Director Trampe, to authorize the General Manager to enter into a joint funding agreement with the USGS, subject to review by legal counsel, in an amount not to exceed \$529,292, for water quality and quantity gaging, and also to authorize the General Manager to enter into agreements subject to review by legal counsel, with cooperating partners for reimbursement estimated to be \$100,000 for data collection. Motion carried unanimously.

Lower Gunnison Project Update:

Dave Kanzer reported that four construction projects are now underway. The purpose of the projects is to improve water use efficiency, and reduce the quantity of selenium and salinity entering the river in the lower Gunnison River Basin.

Discussion of Anticipated Impacts of Gallagher and TABOR Amendments on Long Term Revenue:

Andy Mueller reported that staff has been investigating potential impacts to the River District budget from TABOR and the Gallagher Amendment. Mr. Mueller requested a special budget workshop to examine the potential fiscal challenges to the River District and options to address those challenges. A meeting was scheduled for February 15, 2019.

UCRC and CRWUA December Meeting Updates:

Mr. Mueller reported that the UCRC approved the Upper Basin Drought Contingency Plan (DCP). The UCRC also received a formal request from the Ute Indian Tribe of the Uintah and Ouray Reservations located in Utah, for a seat on the Upper Colorado River Commission. It was also reported that the CRWUA conference set a record for attendance.

Water Marketing Policy. (An Enterprise Matter).

Approval of Water Marketing Prices for 2019:

Ian Philips reviewed the District's Water Marketing Policy. Under the Policy, contracts executed after 2006 are subject to annual price increases. Those increases are limited to a maximum of the annual Consumer Price Index (CPI) plus the New Growth Index (NGI). For 2019, the amount is 3.00% for the CPI and 1.45% for the NGI, for a total of 4.45%. Staff recommended an increase of 3.0% for 2019. Director Catlin moved, seconded by Director Alvey, approve staff's recommendation as presented. Motion carried unanimously.

Annual Policy Discussion:

Chris Treese reminded the Board of the policy review process. In 2004, the Board chose to formalize the development and review process of River District policies. Approximately one-third of the policies are reviewed by the Board annually and must be noticed on the agenda for a minimum of two quarterly meetings before final action may be taken.

Water Quality:

By consensus, staff was directed to include language in the policy section stating the River District will participate in efforts to clarify the scope of the Waters of the United States Act. Staff was also directed to include language in the background section of the policy relaying that growth negatively impacts water quality.

Endangered Species Act:

No substantive changes were recommended.

Instream Flows:

By consensus, staff was directed to include language in the policy section that calls on the CWCB to consider "carve outs" for future water uses when filing for instream flows.

Recreational Water Use:

By consensus, staff was directed to include language in the policy section that recreational water uses and water rights connected to those uses should be included in stream management plans.

Directors' Basin Updates and/or Concerns.

Director Monger requested additional financial information concerning expenses and revenue balances on a quarterly basis.

Director Acquafresca requested a presentation on weather modification at the April 16-17, 2019 regular joint quarterly meeting.

President Merritt recessed the meeting at 4:21 p.m.

Wednesday January 16, 2019.

President Merritt found a quorum and reconvened the meeting at 8:31 a.m.

Division Engineer Update, Alan Martellaro, Water Division 5.

Alan Martellaro reported that Green Mountain Reservoir failed to fill in 2018, however Grand Valley irrigators were not impacted and flows in the 15 Mile Reach were kept at acceptable levels by releases of carryover water in Green Mountain Reservoir. Mr. Martellaro went on to recount the challenges faced in 2018 and noted that some tributary streams were on call for the entire year.

External Affairs.

State Affairs:

Chris Treese requested initiation of bi-weekly teleconference meetings during Colorado's legislative session beginning February 7, 2019. Director Whitmore moved, seconded by Director Trampe, to initiate bi-weekly teleconference meetings beginning on February 7, 2019. Motion carried unanimously.

Mr. Treese reported that long-time River District lobbyist Danny Williams has retired and been replaced by Gayle Berry and Chris Votoupal.

Zane Kessler presented the following bills for action:

HB19-1006: CONCERNING MITIGATION WILDLAND-URBAN INTERFACE AREAS.

Recommendation: Support

Director Alvey moved, seconded by Director Acquafresca, to **support HB19-1006**. Motion carried with Director Vanden Brink voting against the motion.

HB19-1015: CONCERNING RECREATION OF THE COLORADO WATER INSTITUTE.

Recommendation: Support

Director Monger moved, seconded by Director Trampe, to **support HB19-1015**. Motion carried unanimously.

HB19-1026: CONCERNING PARKS AND WILDLIFE VIOLATION OF LAW.

Recommendation: Support

Director Catlin moved, seconded by Director Whinnery, to **support HB19-1026**. Motion carried unanimously.

HB19-1050: CONCERNING ENCOURAGE USE OF XERISCAPE IN COMMON AREAS.

Recommendation: Support in Concept.

Director Acquafresca moved, seconded by Director Monger to **support in concept HB19-1050**. Motion carried unanimously.

HB19-1071: CONCERNING THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT WATER QUALITY CONTROL.

Recommendation: Monitor.

Director Whitmore moved, seconded by Director Chandler-Henry, to **monitor with grave concern until further clarification of intentions of HB19-1071**. Motion carried unanimously.

HB19-1082: CONCERNING WATER RIGHTS EASEMENTS.

Recommendation: Support.

Director Catlin moved, seconded by Director Vanden Brink, to **support HB19-1082**. Motion carried unanimously.

HJR19-1005: WATER PROJECTS ELIGIBILITY LISTS.

Recommendation: Support.

Director Alvey moved, seconded by Director Whinnery, to **support HJR19-1005**. Motion carried unanimously.

SB19-016: CONCERNING SEVERANCE TAX OPERATIONAL FUND DISTRIBUTION METHODOLOGY.

Recommendation: Support.

Director Alvey moved, seconded by Director Monger, to **support SB19-016**. Motion carried unanimously.

SB19-020: CONCERNING WILDLAND FIRE AIRSPACE PATROL SYSTEM.

Recommendation: Support.

Director Chandler-Henry moved, seconded by Director Ritschard, to **support SB19-020**. Motion carried unanimously.

SB19-037: CONCERNING WILDFIRE MITIGATION.

Recommendation: Support.

Director Chandler-Henry moved, seconded by Director Whinnery, to **support SB19-037**. Motion carried unanimously.

SB19-040: CONCERNING ESTABLISH COLORADO FIRE COMMISSION.

Recommendation: Monitor.

Director Whitmore moved, seconded by Director Hazard, to **oppose SB19-040**. Motion carried unanimously.

SB19-70: CONCERNING DEPARTMENT OF NATURAL RESOURCES LANGUAGE UPDATE.

Recommendation: Support.

Director Alvey moved, seconded by Director Chandler-Henry, to **support SB19-70**. Motion carried unanimously.

HB19-1113: WATER QUALITY AND MINING.

Recommendation: Support.

Director Monger moved, seconded by Director Chandler-Henry, to **support HB19-1113**. Motion carried with Directors Whinnery, Catlin, and Vanden Brink opposing the motion.

Director Whitmore moved, seconded by Director Alvey, to endorse Bob Wolfe and Chris Treese for appointment to the Water & Power Authority Board. Motion carried unanimously.

Federal Affairs:

Mr. Treese reported the following: the Trump administration has a proposed rule to redefine "Waters of the United States." The Water Resources Development Act was passed and signed into law. Mr. Treese also

reviewed some of the priority issues for the River District in 2019 including funding for the Upper Colorado River and San Juan Recovery Programs, authorization/implementation legislation for the Colorado River Drought Contingency Plan and continued monitoring of any Colorado wilderness designation or Wild and Scenic proposals to protect water rights that might be impacted.

Report of Information and Outreach Committee.

Chris Treese reported that the Committee reviewed 2018 information and outreach activities that included the first River District webinar, record attendance at the annual seminar (over 300 attendees), and outreach by Andy Mueller to all of Boards of County Commissioners within River District boundaries. The Committee then provided direction for the 2019 plan including support for the increased number of the state of the river meetings, doing three educational webinars, and continuing the annual report and seminar.

Project Operations and Updates. (Enterprise Matters).

Wolford Mountain and Elkhead Reservoir:

Ray Tenney updated the Board on a recent crack discovered in the road on Ritschard Dam at Wolford Mountain Reservoir. The crack appears to be only in the road base on the road and is not considered to be a hazard or danger. Daily monitoring is taking place and the state Dam Safety Office has been informed.

Director Monger moved, seconded by Director Trampe, to approve a contract with Raindrop Water in an amount not to exceed \$35,000 for water hauling and water tank maintenance at Wolford Mountain Reservoir. Motion carried unanimously.

Director Ritschard moved, seconded by Director Trampe, to approve a contract with EcoRx in an amount not to exceed \$42,000 for weed management at Wolford Mountain Reservoir. Motion carried unanimously.

Director Vanden Brink moved, seconded by Director Alvey, to approve an amount not to exceed \$30,757 for the purchase of a 30" DeZurik butterfly valve for the Wolford Mountain Reservoir outlet works. Motion carried unanimously.

Director Catlin moved, seconded by Director Vanden Brink, to approve a continuing services agreement with Marine Diving Solutions LLC, in an amount not to exceed a total of \$60,000 over three years, for miscellaneous outlet works maintenance. Motion carried unanimously.

Director Vanden Brink moved, seconded by Director Acquafresca, to approve a contract with Marine Diving Solutions, LLC in an amount not to exceed \$444,000 for installation of the Wolford Mountain Reservoir Dam main outlet gate. Motion carried unanimously.

Hunter Causey reported that the current concessionaire at the Wolford Mountain recreation area will not be renewing their contract which expires on October 31, 2019. Staff will be taking action this spring to identify a new concessionaire. Mr. Causey then referred the Board to a revised recreation area fee schedule and an adjusted revenue split for a new concessionaire.

Director Whitmore moved, seconded by Director Trampe, to authorize staff to approve fee increases for the Wolford Mountain Reservoir recreation area, and adjust the revenue split to 50/50 with a new recreation area concessionaire. Motion carried unanimously.

Director Hazard moved, seconded by Director Whitmore, to authorize staff to negotiate the purchase of recreation and marina related items at the Wolford Mountain recreation area from Red Mountain RV Park, LLC (the current concessionaire) for an amount up to \$60,000. Motion carried unanimously.

Future Meetings.

-
- a. Special Joint Meeting Teleconference Meetings, beginning **February 7, 2019 at noon.**
 - b. Second Regular Joint Quarterly Meeting, **April 16-17, 2019, Glenwood Springs, CO.**
 - c. Third Regular Joint Quarterly Meeting, **July 16-17, 2019, Glenwood Springs, CO.**
 - d. CRWCD 2020 Budget Workshop, **Date and Location TBD.**
 - e. CRWCD Annual Seminar, **mid-autumn, 2019 Location TBD.**
 - f. Fourth Regular Joint Quarterly Meeting, **October 15-16, 2019, Glenwood Springs, CO.**
 - g. Other Meetings:
 - i. Colorado Water Congress Annual Convention, **January 30-February 1, 2019, Westminster, CO.**
 - ii. Joint West Slope Basin Roundtables Meeting, **May 2, 2019, Ute Water, Grand Junction, CO.**
 - iii. Gunnison Water Workshop, **Western State Colorado University, Mid-June, 2019.**
 - iv. CWC Summer Convention, **August 20-22, 2019.**
 - v. CRWUA Convention, **December 11-13, 2019, Las Vegas, NV.**

Adjourn.

There being no other business before the Board, President Merritt adjourned the meeting at 11:31 a.m.

David H. Merritt, President

ATTEST:

Andrew A. Mueller, Secretary/General Manager

Executive Session Attestations.

I hereby attest that the portions of the Executive Session that were not recorded constituted privileged attorney-client communications.

Peter Fleming, General Counsel

GO BACK
MINUTES¹

**INFORMATION AND OUTREACH COMMITTEE MEETING
OF THE BOARD OF DIRECTORS OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT**

January 15, 2019

Pursuant to notice duly and properly given, an Information and Outreach Committee meeting of the Board of Directors of the Colorado River Water Conservation District (CRWCD) was held on Tuesday January 15, 2019, at the offices of the Colorado River Water Conservation District, 201 Centennial Street, Glenwood Springs, Colorado.

Committee members present during all or part of the meeting:

Karn Stiegelmeier, Chair, Summit County	Al Vanden Brink, Rio Blanco County
Rebie Hazard, Saguache County	David H. Merritt, President, ex-officio, Garfield County
Steve Acquafresca, Mesa County	Martha Whitmore, Ouray County

Other directors present during all or part of the meeting:

William S. Trampe, Gunnison County	Mike Ritschard, Grand County
------------------------------------	------------------------------

Others present during all or part of the meeting:

Andrew A. Mueller, General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
Chris Treese, Manager, External Affairs, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Jim Pokrandt, Director, Community Affairs, CRWCD
Zane Kessler, Communications Director, CRWCD
Denise Hussain, Records Administrator/Records Specialist, CRWCD
Lorra Nichols, Paralegal, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Alesha Frederick, Business Support Specialist, CRWCD
Diane Johnson, Eagle River Water & Sanitation District

Quorum

Director Stiegelmeier called the meeting to order at 4:32 p.m.

2019 Information and Outreach Planning.

External Affairs staff briefly reviewed its activities and milestones in 2018. Highlights included a first-ever webinar with more than 200 participants, new on-line meeting registration capabilities, Andy Mueller visited with each of the 15 River District Boards of County Commissioners, record outreach numbers in all social media platforms, and another record-setting annual seminar.

Reviewing the External Affairs Plan for 2019, the committee supported continuation of annual publication, electronic and hard copy, of the annual report. Zane Kessler reviewed three planned topics for webinars in 2019 to which the committee added water storage as an important topic for outreach.

The Committee heard that construction at Two Rivers Convention Center is creating difficulty in scheduling the District's annual meeting. Committee members expressed their support for finding a workable date, even into early October, and continuing the seminar.

The District sponsored 11 States of the River meetings in 2018. The Committee requested a repeat of at least that number in 2019. The Committee suggested those meetings should be concluded by early June to be most effective and allow for greatest attendance.

District staff will again endeavor to reach out, through a variety of media, to the District's 15 Boards of Commissioners in 2019. Committee members also suggested reaching out to area Conservation Districts. The District will continue to electronically publish and distribute our quarterly newsletters following each quarterly meeting, ensuring these are sized and formatted for convenient and attractive hard copy printing.

The Committee also endorsed continuation of public radio underwriting and requested investigation of commercial radio spots for information like the River Reports, especially in areas either not covered by public radio or when commercial radio represents a significant audience.

At the direction of the Committee, the District's sponsorship of and staff involvement in children's water festivals will be discontinued. The Committee agreed to the River District's continued financial commitments for 2019 if necessary for the success of the programs.

The District's external messaging for 2019 will be focused on:

- Gallagher/TABOR constraints to the District's mission,
- Drought Contingency Planning & Demand Management in the context of Compact compliance, and
- The River District as a trust-worthy, reliable advocate.

Adjourn:

Director Stiegelmeier adjourned the meeting at 5:32 p.m.

David H. Merritt, President

ATTEST:

Andrew A. Mueller, Secretary/General Manager

GO BACK
MINUTES¹
**SPECIAL JOINT MEETING OF THE BOARD OF DIRECTORS
OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
AND OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
ACTING BY AND THROUGH ITS COLORADO RIVER WATER PROJECTS ENTERPRISE**

February 7, 2019

Pursuant to notice duly and properly given, a special joint meeting telephone conference of the Board of Directors of the Colorado River Water Conservation District (CRWCD) and of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise was held on Thursday, February 7, 2019, at the offices of the Colorado River District, 201 Centennial Street, Glenwood Springs, Colorado.

Directors participating during all or part of the meeting:

David H. Merritt, President, Garfield County	Martha Whitmore, Vice President, Ouray County
Steve Acquafresca, Mesa County	Doug Monger, Routt County
Tom Gray, Moffat County	William S. Trampe, Gunnison County
Rebie Hazard, Saguache County	Alden Vanden Brink, Rio Blanco County

Directors not participating:

Tom Alvey, Delta County	Mike Ritschard, Grand County
Marc Catlin, Montrose County	Karn Stiegelmeier, Summit County
Kathy Chandler-Henry, Eagle County	Stan Whinnery, Hinsdale County
John Ely, Pitkin County	

Others participating during all or part of the meeting:

Andrew A. Mueller, General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
Hunter Causey, Water Resources Engineer, CRWCD
John Currier, Chief Engineer, CRWCD
Kem Davidson, Project Caretaker, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Jack DeSanti, Project Caretaker, CRWCD
Mike Eytel, Sr. Water Resources Specialist, CRWCD
Zane Kessler, Communications Director, CRWCD
Don Meyer, Sr. Water Resources Engineer, CRWCD
Martha Moore, Public Affairs Specialist, CRWCD
Ian Philips, Chief Accountant, CRWCD
Jim Pokrandt, Director, Community Affairs, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Chris Treese, Manager, External Affairs, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Lucy Wilson, Accountant, CRWCD
Gayle Berry, GBerry Corp.
Kathleen Curry, Upper Colorado Gunnison River Water Conservancy District
Laura Spann, Southwestern Water Conservation District
Chris Votoupal, Votoupal Governmental Affairs

Quorum.

President Merritt found a quorum and called the meeting to order at 12:14 p.m.

¹An audio recording has been made of the meeting. The motions described herein may not necessarily represent a verbatim transcription. The audio recordings are available for listening at the CRWCD offices during regular office hours. These minutes are the official record of the Colorado River Water Conservation District's meeting.

General Counsel's Report.

Peter Fleming reported that he met with Dee Wisor of Butler Snow LLP regarding enlisting Mr. Wisor's expertise in public finance law and compliance as the River District considers its budget forecasts and possible future ballot measures to address fiscal matters.

Director Monger moved, seconded by Director Trampe, to authorize staff and counsel to retain Dee Wisor of Butler Snow LLP (and other attorneys from that firm) to advise the River District on matters related to the Gallagher Amendment, Taxpayers Bill of Rights, and potential River District ballot measures. Motion carried unanimously.

External Affairs:

Jim Pokrandt reported that 2019 is the year for the River District's triennial polling to test our constituents' knowledge and views of the District and of Colorado River issues. In addition, this year's anticipated polling work would include up to two additional polls on alternative fiscal solutions to challenges facing the District.

Director Whitmore moved, seconded by Director Hazard, to approve a contract with the polling firm New Bridge Strategies for conducting our triennial poll, not to exceed \$100,000. Motion carried unanimously.

Adjourn.

There being no other business before the Board, President Merritt adjourned the meeting at 12:44 p.m.

David H. Merritt, President

ATTEST:

Andrew A. Mueller, Secretary/General Manager

GO BACK
MINUTES¹
**SPECIAL JOINT MEETING/FISCAL WORKSHOP OF THE BOARD OF DIRECTORS
OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
AND OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
ACTING BY AND THROUGH ITS COLORADO RIVER WATER PROJECTS ENTERPRISE**

February 15, 2019

Pursuant to notice duly and properly given, a special joint meeting and fiscal workshop of the Board of Directors of the Colorado River Water Conservation District (CRWCD) and of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise was held on Friday February 15, 2019, at the offices of the Colorado River District, 201 Centennial Street, Glenwood Springs, Colorado.

Directors present during all or part of the meeting:

David H. Merritt, President, Garfield County
Martha Whitmore, Vice President, Ouray County
Steve Acquafresca, Mesa County
Tom Alvey, Delta County
Kathy Chandler-Henry, Eagle County

Tom Gray, Moffat County
Doug Monger, Routt County
William S. Trampe, Gunnison County
Alden Vanden Brink, Rio Blanco County

Directors not present during the meeting:

Marc Catlin, Montrose County
John Ely, Pitkin County
Rebie Hazard, Saguache County

Mike Ritschard, Grand County
Karn Stiegelmeier, Summit County
Stan Whinnery, Hinsdale County

Others present during all or part of the meeting:

Andrew A. Mueller, General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
John Currier, Chief Engineer, CRWCD
Chris Treese, Manager, External Affairs, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Jim Pokrandt, Director of Community Affairs, CRWCD
Zane Kessler, Communications Director, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Don Meyer, Senior Water Resources Engineer, CRWCD
Hunter Causey, Water Resources Engineer, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Lorra Nichols, Paralegal, CRWCD
Denise Hussain, Records Specialist, CRWCD
Ian Philips, Chief Accountant, CRWCD
Luci Wilson, Accountant, CRWCD

Quorum.

President Merritt found a quorum and called the meeting to order at 9:32 a.m.

Long Term Budget Discussion.

¹An audio recording has been made of the meeting. The motions described herein may not necessarily represent a verbatim transcription. The audio recordings are available for listening at the CRWCD offices during regular office hours. These minutes are the official record of the Colorado River Water Conservation District's meeting.

Andy Mueller initiated a discussion with the Board and staff members regarding a variety of factors that are likely to impact the future revenue of the River District. These factors include:

- The Gallagher Amendment;
- The spending/revenue cap and tax rate cap in the Tax Payer Bill of Rights; and
- The decline in revenue from fossil fuel related extraction and energy production.

Andy Mueller and Chief Accountant Ian Philips provided the Board with possible future fiscal futures for the District based upon various growth and revenue scenarios. Andy Mueller highlighted several significant cost savings measures which the District has implemented in the last year including but not limited to a reduction in force, a reduction in the District vehicle fleet and a suspension of the grant program. Without a future adjustment to revenue, all growth projections indicate that the District will have significant trouble sustaining its ability to meet its mission.

The Board and staff discussed various possible solutions to this situation and discussed constituent support for the District and various solutions with staff and consultant Laurie Weigel.

The Board asked staff to continue to analyze potential solutions and to continue to work with the District's consultant and the Board on strategies.

Risk Study Phase III Discussion with John Carron and John Currier.

John Carron from Hydros Consulting was present by phone and presented an update powerpoint, via webinar on the Phase III Risk Study.

Mr. Carron reported the early results of StateMod modeling of five call dates ranging from 12/21/1899 – 7/30/1957 identified on slide 3 and the volume of Colorado River consumptive use that is senior to each of the 5 dates. These volumes (slide 4) range from approximately 1,000,000 acre-feet (senior to 12/31/1889) to 2,300,000 acre-feet (senior to 7/30/1957). It was noted that the volumes senior to each date are somewhat different if administration is based on the appropriation date of the water right or the administrative date.

Mr. Carron discussed the StateMod finding that the volume of consumptive use senior to 11/24/1922 ranges from approximately 1.5 MAF to 1.6 MAF depending on whether administrative date or appropriation date is used for curtailment. These estimates are higher than the “conventional wisdom” of 1.1 – 1.2 MAF of pre-compact consumptive use for two reasons; first the modified Blaney-Criddle methodology results in higher consumptive use estimates than the original Blaney-Criddle methodology, and second as post-compact rights are curtailed irrigation efficiency under the pre-compact rights increases (slide 5).

Mr. Carron discussed the proposed future demands within the basins (slides 6-8) that will be used to identify the Lake Powell risk profile under a possible future development scenario. He noted that the future demand numbers are not intended to represent all possible future uses nor exclude from consideration any possible future uses over the next couple of decades. John Currier noted the intent of the future demand scenarios was to make a stark comparison between risk at today's level of development and risk under a future development scenario.

Mr. Carron stated that next steps include plugging the future demands into StateMod and CRSS to be able to compare future demands to the baseline or current condition modeling. Also meetings with the Basin Round Tables need to be scheduled.

Mr. Carron noted one variation of future operations to consider would be to run a model after 2026 and revert back to the LROC. He also noted that the Bureau of Reclamation is doing a very comprehensive review of consumptive use in the Upper Basin. The outcome of this comprehensive review is that it will ultimately require significant updating Lee Ferry Natural Flow Database.

John Currier noted the goal is to submit the Phase III Risk Study report at the April 2019 Board meeting, as well as to the Basin Roundtables on May 2, 2019.

General Manager's Update.

Andy Mueller noted that Denise Hussain, the River District's Records Specialist, is retiring from River District and today is her last day of employment. He thanked her for the many years of service that she provided to the River District.

Adjourn.

There being no other business before the Board, President Merritt adjourned the meeting at 2:13 p.m.

David H. Merritt, President

ATTEST:

Andrew A. Mueller, Secretary/General Manager

GO BACK
MINUTES¹
**SPECIAL JOINT MEETING OF THE BOARD OF DIRECTORS
OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
AND OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
ACTING BY AND THROUGH ITS COLORADO RIVER WATER PROJECTS ENTERPRISE**

March 7, 2019

Pursuant to notice duly and properly given, a special joint meeting telephone conference of the Board of Directors of the Colorado River Water Conservation District (CRWCD) and of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise was held on Thursday, March 7, 2019 at the offices of the Colorado River District, 201 Centennial Street, Glenwood Springs, Colorado.

Directors participating during all or part of the meeting:

David H. Merritt, President, Garfield County	Martha Whitmore, Vice President, Ouray County
Steve Acquafresca, Mesa County	Doug Monger, Routt County
Kathy Chandler-Henry, Eagle County	Mike Ritschard, Grand County
Tom Gray, Moffat County	William S. Trampe, Gunnison County
Rebie Hazard, Saguache County	

Directors not participating:

Tom Alvey, Delta County	Karn Stiegelmeier, Summit County
Marc Catlin, Montrose County	Alden Vanden Brink, Rio Blanco County
John Ely, Pitkin County	Stan Whinnery, Hinsdale County

Others participating during all or part of the meeting:

Hunter Causey, Water Resources Engineer, CRWCD
John Currier, Chief Engineer, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Mike Eytel, Senior Water Resources Specialist, CRWCD
Peter Fleming, General Counsel, CRWCD
Zane Kessler, Communications Director, CRWCD
Martha Moore, Public Affairs Specialist, CRWCD
Lorra Nichols, Paralegal, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Luci Wilson, Accountant, CRWCD
Gayle Berry, Berry & Kirscht, LLC
Orla Bannon, Western Water Advocates
Kathleen Curry, Upper Gunnison River Water Conservancy District
Torie Jarvis, Northwest Colorado Council of Governments, Q/Q Committee
Chris Votoupal, Votoupal Governmental Affairs, LLC

Quorum.

President Merritt found a quorum and called the meeting to order at 12:07 p.m.

General Counsel's Report – Executive Session.

Peter Fleming reported that the following matters qualify for discussion in Executive Session pursuant to

¹An audio recording has been made of the meeting. The motions described herein may not necessarily represent a verbatim transcription. The audio recordings are available for listening at the CRWCD offices during regular office hours. These minutes are the official record of the Colorado River Water Conservation District's meeting.

C.R.S. §§ 24-6-402(4)(a)(property acquisition), (b)(legal advice) and (e)(negotiations):
Matters Proposed for Executive Session:

- a. Colorado River District Conditional Water Rights.

Director Trampe moved, seconded by Director Whitmore, to proceed into Executive Session pursuant to C.R.S. §§ 24-6-402(4)(a)(property acquisition), (b)(legal advice) and (e)(negotiations). Motion carried unanimously.

Peter Fleming stated that no further record of the Executive Session need be kept based on his opinion that the discussion will constitute privileged attorney-client communications.

President Merritt reconvened into Public Session at 12:17 p.m.

General Counsel's Report – Public Session.

Peter Fleming reported that during Executive Session, the Board provided guidance to staff and General Counsel on the following matters: Colorado River District Conditional Water Rights.

Director Trampe moved, seconded by Director Whitmore, to direct staff and counsel to convey, subject to acceptance by the Conservancy District's, the remaining conditional portion of the Flattop Project water rights to the Rio Blanco Water Conservancy District without charge; to convey the remaining portion of the Savery/Pothook Project water rights to the Pothook Water Conservancy District without charge; and to file a notice of intent to abandon any remaining conditional water rights of the Flattops Project, Savery/Pothook Project and the Great Northern Project (Rampart Reservoir, Rampart Reservoir Second Fill, and Hansen Canal) all prior to March 31, 2019. Motion carried unanimously.

Peter Fleming reported on a differing statutory interpretation between staff and the Attorney General's Office regarding the District's on-going discussions with the state regarding treatment of historic pre-existing uses and instream flows in Routt County. The Attorney General's Office has reversed its position on the negotiations relating to preexisting uses and is now saying preexisting uses will require water court adjudication.

Fiscal Agency for Wild & Scenic USGS Flushing Flow Study

Mike Eytel reported that the U.S. Geological Survey (USGS) has proposed to study the adequacy of flushing flows for recreational fishing in the Colorado River from below Gore Canyon to Dotsero--a segment that was identified by the Upper Colorado River Wild and Scenic Stakeholder Group (SG) as provisionally needing a flushing flow.

The SG has requested the River District be a fiscal agent for this study, receive a Purchase Order of \$99,976 from the CWCB, be responsible for contracting with the USGS through a Joint Funding Agreement, subject to a 2.67% administration fee to offset related staff costs.

Director Acquafresca moved, seconded by Director Chandler-Henry, to authorize the River District to act as the fiscal agent for the CWCB funding and to authorize the General Manager to execute the Joint Funding Agreement with the USGS for the Wild and Scenic Fishing Flow Study. Motion carried unanimously.

Proposed Approval of Continuing Service Agreement with Water Strategies, LLC.

Peter Fleming referred to the March 2, 2019 memo to the board from Chris Treese recommending the River District contract with Water Strategies, LLC to provide federal lobbying/representation assistance in Washington, DC and that the contract is subject to annual appropriation.

Director Hazard moved, seconded by Director Ritschard, to approve the execution of a Continuing Services Agreement with Water Strategies, LLC, for federal lobbying/representation assistance in Washington, D.C. not to exceed \$18,000 per year for a three-year contract. Motion carried unanimously.

State Affairs:

HB19-1200 CONCERNING THE POINT OF COMPLIANCE RELATED TO THE TREATMENT PROCESS INVOLVED IN TREATING RECLAIMED DOMESTIC WASTEWATER FOR INDOOR NONPOTABLE USES WITHIN A BUILDING WHERE THE GENERAL PUBLIC CAN ACCESS PLUMBING FIXTURES THAT ARE USED TO DELIVER THE RECLAIMED DOMESTIC WASTEWATER.

Short title: Reclaimed Domestic Wastewater Point of Compliance

Recommendation: Support

Director Acquafresca moved, seconded by Director Trampe, to **support HB19-1200**. Motion carried unanimously.

HB19-1218 CONCERNING THE COLORADO WATER CONSERVATION BOARD'S AUTHORITY TO USE WATER THAT A WATER RIGHT OWNER VOLUNTARILY LOANS TO THE BOARD FOR INSTREAM FLOW PURPOSES.

Short title: Instream Flow (ISF) Loan Program Expansion

Recommendation: Oppose unless amended

Zane Kessler described the notable provisions of HB19-1218 as these pillars:

- 1) Allows for up to 2 renewals of the current 10-year loan period - 3 loan periods total, including the original.
- 2) Changes the term of the loan from a maximum of 3-in-10 to 5-in-10 years.
- 3) Allows for the CWCB to consider loans that improve the natural environment on reaches with an existing decreed ISF right so long as CPW makes an appropriate ecological finding that is considered in the Board's decision-making process.
- 4) Importantly, as drafted, the bill allows the CWCB to consider loans that preserve or improve the environment where there is not an existing decreed ISF right if CPW makes a finding related to the natural environment and benefits provided by additional flows.

Director Acquafresca moved, seconded by Director Whitmore for staff to aggressively work to remove "prong four" of **HB19-1218**. Directors voting in favor of motion: Acquafresca, Gray, Hazard, Merritt, Monger, Ritschard, Trampe and Whitmore. Director voting to oppose motion: Chandler-Henry. Motion carried.

Director Acquafresca moved, seconded by Director Chandler-Henry, to **not oppose HB19-1218** provided that "prong four" is removed. Directors voting in favor of motion: Acquafresca, Chandler-Henry, Gray, Merritt, Monger and Ritschard. Directors voting to oppose motion: Hazard, Trampe and Whitmore. Motion carried.

Adjourn.

Director Hazard moved, seconded by Director Acquafresca, to adjourn the meeting. Motion carried unanimously.

There being no other business before the Board, President Merritt adjourned the meeting at 1:03 p.m.

Dave Merritt, President

ATTEST:

Andrew A. Mueller, Secretary/General Manager

Executive Session Attestations.

I hereby attest that the portions of the Executive Session that were not recorded constituted privileged attorney-client communications.

Peter Fleming, General Counsel

GO BACK

MINUTES¹

**SPECIAL JOINT MEETING OF THE BOARD OF DIRECTORS
OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
AND OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
ACTING BY AND THROUGH ITS COLORADO RIVER WATER PROJECTS ENTERPRISE**

March 21, 2019

Pursuant to notice duly and properly given, a special joint meeting telephone conference of the Board of Directors of the Colorado River Water Conservation District (CRWCD) and of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise was held on Thursday, March 21, 2019, at the offices of the Colorado River District, 201 Centennial Street, Glenwood Springs, Colorado.

Directors participating during all or part of the meeting:

Martha Whitmore, Vice President, Ouray County
Steve Acquafresca, Mesa County
Tom Alvey, Delta County
Kathy Chandler-Henry, Eagle County
John Ely, Pitkin County
Tom Gray, Moffat County
Rebie Hazard, Saguache County

Doug Monger, Routt County
Mike Ritschard, Grand County
Karn Stiegelmeier, Summit County
William S. Trampe, Gunnison County
Stan Whinnery, Hinsdale County
Alden Vanden Brink, Rio Blanco County

Directors not participating:

David H. Merritt, President, Garfield County

Marc Catlin, Montrose County

Others participating during all or part of the meeting:

Andrew A. Mueller, General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
Jason Turner, Senior Counsel, CRWCD
Chris Treese, External Affairs Manager, CRWCD
Zane Kessler, Communications Director, CRWCD
Jim Pokrandt, Director of Community Affairs, CRWCD
John Currier, Chief Engineer, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Don Meyer, Sr. Water Resources Engineer, CRWCD
Mike Eytel, Senior Water Resources Specialist, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Lorra Nichols, Paralegal, CRWCD
Torie Jarvis, Northwest Colorado Council of Governments, Q/Q Committee

Quorum.

Vice President Whitmore found a quorum and called the meeting to order at 12:03 p.m.

General Counsel's Report – Executive Session.

Jason Turner reported that the following matters qualify for discussion in Executive Session pursuant to C.R.S. §§ 24-6-402(4), (b) (legal advice) and (e) (negotiations):

Agenda Item 1.a.i. Instream Flow and Pre-existing Uses.

¹An audio recording has been made of the meeting. The motions described herein may not necessarily represent a verbatim transcription. The audio recordings are available for listening at the CRWCD offices during regular office hours. These minutes are the official record of the Colorado River Water Conservation District's meeting.

Director Trampe moved, seconded by Director Whinnery, to proceed into Executive Session pursuant to C.R.S. §§ 24-6-402(4), (b) (legal advice) and (e) (negotiations). Motion carried unanimously.

Jason Turner stated that no further record of the Executive Session need be kept based on his opinion that the discussion will constitute privileged attorney-client communications.

Vice President Whitmore reconvened into Public Session at 12:40 p.m.

General Counsel's Report – Public Session.

Jason Turner reported that during Executive Session, the Board provided guidance to staff and counsel on Agenda Item 1.a.i. Instream Flow and Pre-existing Uses.

External Affairs.

SB19-186 **CONCERNING THE EXPANSION OF AGRICULTURAL CHEMICAL MANAGEMENT PLANS TO PROTECT SURFACE WATER**

Short title: Expand Agricultural Chemical Management Program to Protect Surface Water

Revised Recommendation: from Amend to Monitor and review in two weeks

Director Acquafresca moved, seconded by Director Vanden Brink, to **monitor SB19-86**. Motion carried unanimously.

SB19-184 **CONCERNING A GRANT OF AUTHORITY TO THE COLORADO WATER INSTITUTE TO STUDY POTENTIAL USES OF BLOCKCHAIN TECHNOLOGY**

Short title: Colorado Water Institute Study Blockchain Technology

Recommendation: Support

Director Trampe moved, seconded by Director Hazard, to **support SB19-184**. Motion carried unanimously.

HB19-1247 **CONCERNING A STUDY BY THE COMMISSIONER OF AGRICULTURE ON THE POTENTIAL APPLICATIONS FOR BLOCKCHAIN TECHNOLOGY IN AGRICULTURAL OPERATIONS**

Short title: Study Agricultural Applications for Blockchain

Recommendation: Support

Director Alvey moved, seconded by Director Trampe, to **support HB19-1247**. Motion carried unanimously.

HB19-1231 **CONCERNING EFFICIENCY STANDARDS FOR EQUIPMENT SOLD IN COLORADO, AND IN CONNECTION THEREWITH, REQUIRING CERTAIN APPLIANCES, PLUMBING, FIXTURES, AND OTHER PRODUCTS SOLD FOR RESIDENTIAL OR COMMERCIAL USE TO MEET ENERGY EFFICIENCY AND WATER EFFICIENCY STANDARDS**

Short title: New Application Energy and Water Efficiency Standards

Recommendation: Monitor

Director Trampe moved, seconded by Director Alvey, to **monitor HB19-1231**. Motion carried unanimously.

Zane Kessler reported that the Joint Budget Committee has reduced the water plan funding from the previously proposed \$30 million appropriation (\$10 million for water plan grants and \$20 million for demand management/compact compliance) to a \$10 million total appropriation, with \$1.7 million allocated for CWCB outreach and feasibility studies on demand management and \$8.3M allocated to Water Plan grants in four

categories; Water Storage & Supply; Conservation & Land Use; Agricultural; and Environmental & Recreational grants.

Zane Kessler informed the Board of the status of HB19-1218 (ISF Loan Program Expansion). River District staff held a number of meetings with the bill's sponsor and conveyed the concerns of the Board. As a result of those conversations, Representative Roberts requested amendments to eliminate the provision allowing loans to stream reaches that do not have a decreed instream flow right. Representative Roberts has also agreed to amend the legislation to ensure that no more than three (3) consecutive years of participation are allowed under the loan program, and to require that participants must reapply to the loan program for each additional ten (10) year renewal.

General Manager's Update.

Andy Mueller requested that the Board review his March 21, 2019, email containing the letter signed by the Seven Basin States requesting Congress to enact the Drought Contingency Plan legislation. A follow-up memorandum addressing staff's concerns will be made available to the Board on or before the April Board meeting.

Adjourn.

There being no other business before the Board, Vice President Whitmore adjourned the meeting at 1:04 p.m.

ATTEST:

David H. Merritt, President

Andrew A. Mueller, Secretary/General Manager

Executive Session Attestation:

I hereby attest that the portions of the Executive Session that were not recorded constituted privileged attorney-client communications.

Jason Turner, Senior Counsel

GO BACK

MINUTES¹

**SPECIAL JOINT MEETING OF THE BOARD OF DIRECTORS
OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
AND OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
ACTING BY AND THROUGH ITS COLORADO RIVER WATER PROJECTS ENTERPRISE**

April 4, 2019

Pursuant to notice duly and properly given, a special joint meeting telephone conference of the Board of Directors of the Colorado River Water Conservation District (CRWCD) and of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise was held on Thursday, April 4, 2019, at the offices of the Colorado River District, 201 Centennial Street, Glenwood Springs, Colorado.

Directors participating during all or part of the meeting:

David H. Merritt, President, Garfield County	Rebie Hazard, Saguache County
Martha Whitmore, Vice President, Ouray County	Doug Monger, Routt County
Steve Acquafresca, Mesa County	Mike Ritschard, Grand County
Tom Alvey, Delta County	Karn Stiegelmeier, Summit County
Kathy Chandler-Henry, Eagle County	William S. Trampe, Gunnison County
John Ely, Pitkin County	Stan Whinnery, Hinsdale County
Tom Gray, Moffat County	Alden Vanden Brink, Rio Blanco County

Directors not participating:

Marc Catlin, Montrose County

Others participating during all or part of the meeting:

Andrew A. Mueller, General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
Jason Turner, Senior Counsel, CRWCD
Chris Treese, External Affairs Manager, CRWCD
Zane Kessler, Communications Director, CRWCD
Jim Pokrandt, Director of Community Affairs, CRWCD
John Currier, Chief Engineer, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Lorra Nichols, Paralegal, CRWCD
Alesha Frederick, Business Support Specialist, CRWCD
Ian Philips, Accountant, CRWCD
Gayle Berry, Public Affairs Specialist, Berry & Kirscht, LLC
Chris Votoupal, Votoupal Government Affairs
John Justman, Mesa County
Torie Jarvis, Northwest Colorado Council of Governments, Q/Q Committee
Jackie Brown, Tri-State Generation and Transmission Association

Quorum.

President Merritt acknowledged a quorum and called the meeting to order at 12 p.m.

External Affairs.

¹An audio recording has been made of the meeting. The motions described herein may not necessarily represent a verbatim transcription. The audio recordings are available for listening at the CRWCD offices during regular office hours. These minutes are the official record of the Colorado River Water Conservation District's meeting.

State Affairs:

HB19-1271 **CONCERNING A CLARIFICATION OF THE AUTHORITY OF THE COLORADO WATER CONSERVATION BOARD TO AUGMENT STREAM FLOWS WITH ACQUIRED WATER RIGHTS THAT HAVE BEEN PREVIOUSLY DECREED FOR AUGMENTATION USE**

Short title: Augmentation of Instream Flows

Recommendation: Support with Savings Clause included

Director Chandler-Henry moved, seconded by Director Stiegelmeier, to **support HB19-1271 with Savings Clause included**. Motion carried 11:2. Directors voting against the motion: Acquafresca and Gray. Director Whinnery was not present during this portion of the meeting.

HB19-1279 **CONCERNING THE USE OF PERFLUOROALKYL AND POLYFLUOROALKYL (PFAS) SUBSTANCES**

Short title: Public Health Firefighter Safety Regulation

Recommendation: Support

Director Monger moved, seconded by Director Alvey, to **support HB19-1279**. Motion carried unanimously.

SB19-212 **CONCERNING GENERAL FUND SUPPORT TO IMPLEMENT THE STATE WATER PLAN, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION**

Short title: Appropriation General Fund to Implement State Water Plan

Recommendation: Support

Director Acquafresca moved, seconded by Director Vanden Brink, to **support SB19-212**. Motion carried unanimously.

SB19-221 **CONCERNING THE FUNDING OF COLORADO WATER CONSERVATION BOARD PROJECTS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION**

Short title: CWCB Construction Fund Project Funding

Recommendation: Support

Director Vanden Brink moved, seconded by Director Trampe, to **support SB19-221**. Motion carried unanimously.

Federal Affairs:

Chris Treese reported the Drought Contingency Plan (DCP) legislation is moving forward in the House and Senate with no opposition. Both hearings were held last week and the goal is to get the bill to the U.S. President before the Easter recess. Andy Mueller reported that staff will provide an update at the April Quarterly Board meeting addressing the Board's concerns related to DCP.

Contract with BBC Research and Consulting.

Director Vanden Brink moved, seconded by Director Whitmore, to approve a contract between the River District and BBC Research & Consulting, with the River District being the contracting agent for the Water Bank Work Group (WBWG) and subject to a cost-sharing agreement among the WBWG participants, not to exceed \$222,000 to conduct a Secondary Economic Impacts Study related to a demand management program. Motion carried unanimously. President Merritt requested quarterly updates to the Board on this study.

General Manager's Update.

Andy Mueller reported the electronic April Quarterly Board packet will be available on Friday.

General Counsel's Update.

Peter Fleming had nothing to report.

Adjourn.

There being no other business before the Board, President Merritt adjourned the meeting at 1:10 p.m.

ATTEST:

David H. Merritt, President

Andrew A. Mueller, Secretary/General Manager

GO BACK

MINUTES¹

**SECOND REGULAR JOINT QUARTERLY MEETING OF THE
BOARD OF DIRECTORS OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT
AND OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT
ACTING BY AND THROUGH ITS COLORADO RIVER WATER PROJECTS ENTERPRISE**

April 16-17, 2019

Pursuant to notice duly and properly given, the Second Regular Joint Quarterly Meeting of the Board of Directors of the Colorado River Water Conservation District (CRWCD) and of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise was held on Tuesday and Wednesday, April 16-17, 2019 at the offices of the Colorado River Water Conservation District, 201 Centennial Street, Glenwood Springs, Colorado.

Directors participating during all or part of the meeting:

David H. Merritt, President, Garfield County
Martha Whitmore, Vice President, Ouray County
Steve Acquafresca, Mesa County
Tom Alvey, Delta County
Kathy Chandler-Henry, Eagle County
John Ely, Pitkin County

Tom Gray, Moffat County
Rebie Hazard, Saguache County
Doug Monger, Routt County
Karn Stiegelmeier, Summit County
William S. Trampe, Gunnison County
Alden Vanden Brink, Rio Blanco County

Directors not participating:

Marc Catlin, Montrose County
Mike Ritschard, Grand County
Stan Whinnery, Hinsdale County

Others present during all or part of the meeting:

Andrew A. Mueller, General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
John Currier, Chief Engineer, CRWCD
Chris Treese, Manager, External Affairs, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Jason Turner, Senior Counsel, CRWCD
Lorra Nichols, Paralegal, CRWCD
Jim Pokrandt, Director, Community Affairs, CRWCD
Zane Kessler, Communications Director, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Dave Kanzer, Deputy Chief Engineer, CRWCD
Don Meyer, Sr. Water Resources Engineer, CRWCD
Mike Eytel, Sr. Water Resources Specialist, CRWCD
Hunter Causey, Water Resources Engineer, CRWCD
Sonja Chavez, Water Resources Specialist, CRWCD
Alesha Frederick, Business Support Specialist, CRWCD
Ian Philips, Chief Accountant, CRWCD
Luci Wilson, Accountant, CRWCD

¹An audio recording has been made of the meeting. The motions described herein may not necessarily represent a verbatim transcription. The audio recordings are available for listening at the CRWCD offices during regular office hours. These minutes are the official record of the Colorado River Water Conservation District's meeting.

Guests:

Ken Neubecker, American Rivers
Angie Fowler, Schmueser Gordon Meyer
Maria Pastore, Colorado Springs Utilities
Jim Plumhoff, Special Counsel for Uncompahgre Valley Water Users Association
Steve Anderson, Uncompahgre Valley Water Users Association/CWCB Representative for Gunnison Basin
Diane Johnson, Eagle River Water & Sanitation District
Scott Hummer, Water Commissioner, Water Division 6
Sue Hansen, Montrose County Commissioner
Ben Tisdell, Ouray County Commissioner
Gail Schwartz, CWCB Representative for Colorado River mainstem
Orla Banning, Western Resource Advocates
Torie Jarvis, Northwest Colorado Council of Governments (NWCCOG, Q/Q)
Alyssa Logan, Constituent Advocate for Senator Michael Bennett
Eric Kuhn, Interested Citizen
Bob Davis, Little Snake Conservancy District
Senator (WY) Larry Hicks, Little Snake Conservancy District
Pat O'Toole, Family Farm Alliance
John Raftopoulos, Diamond Peak Cattle
Clinton Evans, NRCS
Roger Day, Interested Citizen
Deirdre Macnab, 4M Ranch, Yampa/White/Green Roundtable, White River Alliance
Sierra Mitchell, daughter of Becky Mitchell
Rebecca (Becky) Mitchell, Director, CWCB
Brent Gardner-Smith, Aspen Journalism

Quorum.

President Merritt found a quorum and called the meeting to order at 9:03 a.m.

Review Meeting Agenda and Objectives.

Director Acquafresca moved, seconded by Director Alvey, to approve the agenda with the following new agenda items:

- 3.a.viii. Eagle River Water Marketing Supplies.
- 3.b. Public call & participation (moving the Public Session to Agenda Item 3.c.).
- 8.c. Contract requests with HZV Design and Vital Films.

Motion carried unanimously.

Consent Agenda.

Director Whitmore moved, seconded by Director Monger, to approve the following consent agenda as presented. Director Monger acknowledged and thanked staff for the new format of the financials. Motion carried unanimously.

- a. Approval of Minutes and Actions Taken:
 - i. Minutes of Special Joint Meeting and 2019 CRWCD Budget Workshop, September 13, 2018
 - ii. Minutes of Special Joint Meeting, Teleconference, November 26, 2018.
- b. Acceptance of Treasurer's Reports and Check Registers for General, Capital Projects and Enterprise Funds for December 2018, January and February 2019.

General Counsel's Report – Executive Session.

Peter Fleming reported that the following matters qualify for discussion in Executive Session pursuant to C.R.S. §§ 24-6-402(4) (b)(legal advice) and (e)(negotiations), as amended:

- a. Matters Proposed for Executive Session:
 - i. CRCA Implementation Matters.
 - ii. Colorado River District Conditional Water Rights.
 - iii. City of Glenwood Springs, Application for Recreational In-Channel Diversion Water Right, Case No. 13CW3109, Water Division 5.
 - iv. C.R.S. 37-92-102(3)(b) – Instream Flow Rights and Pre-Existing Uses.
 - v. Colorado River Compact, Interstate, International, and Intrastate Negotiation Matters Including Demand Management.
 - vi. Woford Mountain Reservoir Conveyance of Interest to Denver Water. (An Enterprise Matter).
 - vii. Fair Campaign Practices Act and Discussion of Possible Election Matters.
 - viii. Eagle River Water Marketing Supplies.

Director Trampe moved, seconded by Director Ely, to proceed into Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and (e)(negotiations). Motion carried unanimously.

Peter Fleming stated that no further record of the Executive Session need be kept based on his opinion that the discussion will constitute privileged, attorney-client communications.

President Merritt reconvened the meeting at 12:14 p.m. and the meeting recessed for the lunch break.

General Counsel's Report – Public Session.

Peter Fleming reported that during Executive Session portion of the Board meeting, the Board provided direction to staff and General Counsel on negotiation matters under Agenda Tab 3.a.

The Public Session of the meeting reconvened @ 1:05 p.m.

President Merritt requested guests attending the meeting introduce themselves and offer any comments.

Director Trampe moved, seconded by Director Gray, to authorize staff to exceed the current water marketing policy limitation of 20 AF per contract for Eagle River supplies to a maximum of 50 AF per contract for a period of one year. Motion carried unanimously.

WOTUS.

Peter Fleming reported the River District submitted its comments on April 15, 2019, to the United States Environmental Protection Agency regarding the Proposed Rule on the revised definition of Water of the United States (WOTUS).

GMR Operations.

Peter Fleming noted there were concerns about the manner in which Reclamation accounted for inflow and bypasses at Green Mountain Reservoir with regards to the 100,000 AF and the 66,000 AF Pools during the 2018 fill season. Mr. Fleming reported that staff was preparing a letter to Reclamation outlining these concerns with the accounting. Mr. Fleming also reported that Slot Group discussions had begun again and the River District is working with the Division 5 Engineer and Middle Park Water Conservancy District on a long-term solution to secure replacement water to cover the out-of-priority diversions.

General Manager's Report.

Drought Contingency Planning (DCP)/Demand Management Update.

Andy Mueller reported the DCP legislation has been approved by the Senate and House and is awaiting signature by the President of the United States. The CWCB's staff approved a 2019 work plan, establishing 8 small "work groups" as follows: 1) Law and Policy; 2) Monitoring and Verification; 3) Water Rights Administration and Accounting; 4) Environmental Considerations; 5) Economic Considerations; 6) Funding; 7) Education and Outreach; and 8) Agricultural Impacts. Andy Mueller submitted a list of River District staff for each committee to the CWCB. Director Vanden Brink mentioned that he had volunteered for all 8 work groups. The Board supports the River District participating in all 8 work groups as it is essential for the West Slope to have members on each workgroup, with special emphasis on the Agricultural Impacts work group.

Long-Term Budget Planning.

Andy Mueller thanked the Board for attending the February Budget meeting and discussed the issues outlined in his April 5, 2019, memo:

- Gallagher Amendment Mitigation: the recommended 7.15% RAR (Residential Assessment Rate) target should eliminate the immediate threat to the River District's property tax-based revenues for the next two years, which comprises about 97% of the River District's revenue for the general fund.
- There has been about a 9% decline over the past five years in revenues from the energy-related sector. Ian Philips reported that based on a comparison of the last 9 years of the decline from the oil/gas sector within the District will not offset the growth in assessed residential valuation, as reflected in the projections from 2006-2040.
- Ian Philips presented a graph of the assessed values of Residential vs. Non-Residential percentages by County from 2008, 2013 and 2018.
- Andy Mueller noted that 2019 may not be the optimal year for the River District to go to the ballot for a revenue-raising question given the possibility of a state-wide tax question related to sports gaming that may include the State's water plan as one of the beneficiaries.

The Board directed staff to continue to explore a constituent examination of the effects of: 1) an increase in the District's mill levy to 0.50; 2) a sunset provision with increments of time (5/10/15 years out); and 3) what constituents are interested in funding (e.g., infrastructure improvements, conservation efforts, grant projects for individual counties, etc.)

Director Vanden Brink suggested staff develop a list or master plan outlining what projects and efforts would be funded with additional revenue.

Hydrologic Forecast.

Dave Kanzer informed the Board that Reclamation released its 24-month study for the April 2019 water year that indicates 128% of average runoff forecast for the Upper Basin. Lake Powell should increase by 43 feet at the end of the water year and Lake Mead will stabilize for the next two years. Blue Mesa Reservoir and Lake Powell will not fill in 2019; however, Flaming Gorge, Fontenelle Reservoir and Navajo will.

Director Gray requested a chart reflecting the historic inflows to Lake Powell since 1950. Staff reported it has inflows from 1998 to current and will provide that to the Board.

Phase III Risk Study.

John Currier reported that Phase III Risk Study looks very similar to the results in the Phase II Risk Study. Hydros Consulting and River District staff will continue to evaluate and vet:

- the Lake Powell risk profiles;
- whether the StateMod & CRSS models can be linked and used as a decisional tool;
- the ramifications of mandatory curtailment; and

- how much benefit the River District could receive from the 500,000 AF DCP pool in Lake Powell. Staff will continue to work on preparing the final results of the Phase III Risk Study by the June 20th 4-Basin Roundtable meeting.

Water Bank Work Group (WBWG) Cost-Share Agreement.

Director Alvey moved, seconded by Director Trampe, to authorize the River District's General Manager to enter into and fiscally manage a 2019 Cost-Share Agreement with the Water Bank Workgroup partners not to exceed \$28,000 of River District general funds for the secondary economic impact study being prepared by BBC Research & Consulting. Motion carried unanimously. The WBWG Partners extended the cost-share agreement to the Uncompahgre Valley Water Users Association, the Upper Gunnison River Water Conservancy District and the Grand Valley Water Users Association.

Water Smart Grant Application.

Director Monger moved, seconded by Director Trampe, to adopt a resolution in support of River District staff applying for a U.S. Bureau of Reclamation WaterSmart grant to support the Upper Basin Demand Management Program (WBWG and Phase III Risk Study) up to \$400,000, subject to annual appropriations. Motion carried unanimously.

Wild & Scenic Technical Support.

Director Stiegelmeier moved, second by Director Chandler-Henry, to enter into a two-year contract with Bishop, Brogden & Associates related to the Upper Colorado Wild & Scenic stakeholder process not to exceed \$30,250. Motion carried unanimously.

Service Anniversary.

John Currier thanked Don Meyer for his 20 years of service to the River District along with the hard-earned respect he has received from numerous other water agencies.

Annual Policy.

Chris Treese reminded the Board of the March 27, 2019, memo reviewing the four policies listed below which are eligible for adoption or further revisions.

Water Quality.

The Board directed staff to revise the policy for further review as follows:

- Director Acquafresca requested:
 - “and enjoy” in the first paragraph be changed. Director Monger suggested changing to “and benefit”
 - changing “an ever-growing issue” to “a persistent issue for Colorado water users and managers” in the very last sentence of the policy
- Director Stiegelmeier requested:
 - adding “and public health” after “the ecological health of rivers and streams” in paragraph 1
 - adding “but in others such as transmountain diversions, they can have major adverse consequences” at the end of last sentence in paragraph 2 under Background & Discussion

Endangered Species Act.

Director Vanden Brink moved, seconded by Director Trampe to adopt the Endangered Species Act policy after adding “and require reasonable and measurable criteria for delisting” at the end of the second to last sentence in paragraph 1.

Instream Flow.

Chris Treese reported that the Board's proposed changes in January have been redlined. The Board requested staff provide an instream flow presentation at the July Board meeting addressing the Board's positions on agricultural, along with particular stream flow benefits as reflected in NWCCOG's Value of Water in the Colorado Headwaters. Some suggestions could be to invite Torie Jarvis from NWCCOG, Becky Mitchell and CWCB staff, or perhaps Southwest Water Conservation District. Director Acquafresca could recommend two people from Mesa County to present their factual analysis.

Director Stiegelmeier requested adding a new sentence at the end of the second paragraph: "The District also supports alternatives to the permanent conversion of agricultural water rights to instream flow water rights through a balanced implementation of mechanisms such as the CWCB's instream flow loan program or voluntary water conservation measures."

Recreation Water Uses.

Director Chandler-Henry moved, seconded by Director Alvey to adopt the Recreation Water Uses policy as presented. Motion carried unanimously.

CRD Cloud Seeding Efforts.

Dave Kanzer presented the Board with a history of cloud seeding efforts, noting all seven basin states are committed to cloud seeding. There are eight states and 40+ countries with cloud seeding programs, and an average of \$1.3 million per year is spent on cloud seeding in Colorado. The River District owns two cloud seeding generators. Wilson Water Group's October 1, 2015 report titled "Inventory and Assessment of Colorado Weather Modification Programs – A Summary of Current Programs and Opportunities for Enhancements" is the cloud seeding bible for the industry. Data shows that cloud seeding can increase snowfall by up to 15% and stream flows up the 8% per snow storm, and multiple independent studies report cloud seeding is safe. Target areas for future cloud seeding in Upper Colorado River basin include Pitkin, Eagle, Summit and Grand counties.

Meeting recessed at 5:22 p.m.

Wednesday, April 17, 2019, President Merritt called the meeting to order at 8:32 a.m.

Becky Mitchell, CWCB.

Ms. Mitchell presented a PowerPoint of the CWCB's continued exploration and investigation of the Drought Contingency Plan documents and agreements, outlining the interstate and intrastate agreements, and highlighting the CWCB's policy statement. Ms. Mitchell identified the 8 planned workgroups. She mentioned the goal is for each group to be "inclusive yet nimble" – roughly 10 people per workgroup. DCP is a plan for the Upper Basin and an action for the Lower Basin. Timelines are subject to change and include approving a scope of work for demand management feasibility investigations; check-in with UCRC and other Upper Basin states on parallel interstate investigative processes; DCP signing and federal legislation.

External Affairs.

State Affairs.

HB19-1259 CONCERNING SUPPORT FOR SPECIES CONSERVATION TRUST FUND PROJECTS, AND, IN CONNECTION THEREWITH, MAKING TRANSFERS TO AND APPROPRIATIONS FROM THE SPECIES CONSERVATION TRUST FUND FOR PURPOSES RECOMMENDED BY THE DEPARTMENT OF NATURAL RESOURCES.

Short Title: Species Conservation Trust Fund Projects

Recommend: Support

Director Alvey moved, seconded by Director Vanden Brink, to **support HB19-1259**. Motion carried unanimously.

Chris Treese recommended canceling the May 2, 2019, telephone conference and reserving a possible special joint meeting for Thursday, April 25, 2019 @ 12 p.m.

Federal Affairs.

Chris Treese noted that since his March 27, 2019 memo:

- the Drought Contingency Plan (DCP) legislation was signed by the President, and the Imperial Irrigation District sent a letter of intent to sue to the Metropolitan District regarding Met's planned implementation of the DCP.
- David Bernhardt was confirmed as the new Secretary of the Interior.
- Chris introduced Alyssa Logan from Senator Bennett's office and noted Matthew Kireker as a recent West Slope hire located in Steamboat.
- Both Colorado Senators have introduced legislation to reauthorize the Platte River Recovery Program.
- Senator Gardner introduced Senate Bill [1081](#) to fully fund the Land and Water Conservation Fund. 1081 would create dedicated funding making \$900 million available annually.

Chris Treese also noted several significant inclusions in the Federal Public Plans Package bill that was signed into law, including the Bolts Ditch Access and Use Act and reauthorization of the Upper Colorado and San Juan Rivers Recovery Programs. He also informed the Board of a new Colorado Forest & Watershed Advocacy Alliance group comprised of the Colorado Water Congress, Club 20, Colorado Forest Products Association, Front Range Water Council and The Nature Conservancy.

- Director Stiegelmeier reported Summit County looking to changing its fire ban criteria and will provide that material to the Colorado Forest & Watershed Alliance group for review.
- Director Monger reported the State Forest Service will be hosting a state wildland fire mitigation conference in Steamboat Springs on May 10-11, 2019 and all are invited.

HZV Design and Vital Films.

Director Trampe moved, seconded by Director Chandler-Henry to approve the General Manager entering into an agreement not to exceed \$35,000 with HZV Design. Motion carried unanimously

Director Hazard moved, seconded by Director Monger to approve the General Manager entering into an agreement not to exceed \$30,000 with Vital Films. Motion carried unanimously.

Directors' Updates.

Director Acquafresca noted the water community in Mesa County is split regarding demand management.

Director Stiegelmeier reiterated the need for fire prevention money and consistent and conservative criteria used to declare fire bans.

Director Alvey reported that the Pilot Rock Ditch that serves 16-18 cfs to the Crawford area in Delta County slid and is requesting financial emergency assistance from the River District for the repair within the General Manager's authority.

Director Whitmore moved, seconded by Director Acquafresca, to support the Pilot Rock Ditch within the General Manager's financial authority and directed staff to work with Director Alvey and the irrigators. Motion carried unanimously.

Director Acquafresca requested the River District develop an emergency request policy for the Board's review as a future agenda item.

Director Trampe reported a student/intern in the Masters and Environmental Management Program at Western Colorado University put together a 6-person group to work on developing a demand management plan. Director Trampe requested the River District staff reach out to the group.

Director Vanden Brink noted the White River Conservation District held a water forum in January with 130+ in attendance that triggered two additional sessions being held in Meeker and Rangely on Colorado water law. The White River algae group has identified some red flags coming from the USGS adaptive management study. The Rio Blanco Water Conservancy District is prepared to do another flushing flow study.

Director Chandler-Henry report that Eagle County's State of the River is scheduled on May 20th. The County is work on macro invertebrate project on the Gore and Eagle Rivers. The County has hired four full-time seasonal rangers to keep the campground open.

Director Hazard reported Saguache County is a divided county. The western portion of the county has been sustainable, but it's been questioned whether the eastern part of the county is more a part of the Front Range. A new group is attempting to take 22,000 AF from the San Luis Valley to the Front Range. The county has lost a number of potato & alfalfa farms to hemp growers. Andy Mueller reported the River District offered its assistance to Cleve Simpson at the Rio Grande Water Conservancy District regarding the proposed transmountain diversion of 22,000 AF.

Director Ely reported a demand management study will be performed as a result of opposition the City of Aspen received in its water court case. Pitkin County's Healthy Rivers Program is active and doing well.

Director Whitmore reported Ouray County received lots of snow. The water study is almost complete and should be available by April 23, 2019. The County's State of the River meeting is being scheduled. She suggested an invitation to Becky Mitchell and members of the CWCB (and possibly the Southwest District) should be extended to come back at the July Board meeting to discuss the Board's concerns with instream flows. Reporting on behalf of Director Catlin, Director Whitmore added Montrose County had a very successful water forum.

Director Merritt noted the State of River meetings are being scheduled and the River District staff is growing not in numbers, but in new roles and responsibilities. He expressed disappointment to hear that Denver Water may be suing Boulder over 1041 permitting for the Gross Reservoir Enlargement.

Battle Creek Reservoir.

Larry Hicks, Pat O'Toole, John Raftopoulos and Bob Davis presented a Powerpoint on the West Fork of Battle Creek Storage Project. Mr. Hicks provided some statistical background for the Little Snake River Basin, along with project history of the High Savory Project. The West Fork project dam site is on USFS lands with a majority of the reservoir on private lands. It would be 10,000 AF (6,500 AF active irrigation pool, 1,500 AF habitat/minimum flow releases, 2,000 AF conservation/fisheries pool for recreation), with the potential to serve 100 irrigators. The total cost-benefits are estimated at \$96.3M. In 2018, the Wyoming Water Development Commission applied for a PL 566 grant in 2018, but were told by NRCS that they needed a Colorado cooperator. The applicants are intending to submit a new PL-566 application in 2019 and are requesting the Colorado River District participate as a Project Cooperator, specifically contributing only technical support with no financial contribution, along with the Wyoming Water Development Commission.

Director Gray moved, seconded by Director Trampe, for the CRD staff to run the Battle Creek Reservoir request through its rubric process, mindful of the NRCS application deadline at the end of August 2019. Motion carried unanimously.

Project Operations.

Wolford Mountain Reservoir.

Don Meyer reported 103% of average inflow is projected at Wolford Mountain Reservoir, and 110% for Elkhead is projected. Staff may bypass some water to assist with the main gate replacement at Wolford Mountain Reservoir to keep the elevation down for the divers. The reservoir had 22" inches of ice last week and has melted down to about 14" of ice, but it needs to be ice-free before the main gate can be replaced.

Ray Tenney requested approval of a three-year agreement with Landmark Surveying & Engineering Consultants to continue staff's dam deformation monitoring.

Director Vanden Brink moved, seconded by Director Alvey, to enter into a 3-year Continuing Services Agreement with Landmark Surveying & Engineering Consultants for surveying Ritschard Dam deformation monuments not to exceed \$70,000.

Ray Tenney identified the ongoing contracts in place for both Wolford and Elkhead. He reported staff has been taking weekly observations and measurements of the crack that developed in the road base on the dam crest road and will attempt to excavate the crack to determine if there is any distress at the top of the core. He also reported that both the 96" butterfly and 30" butterfly valves are scheduled to be replaced at Wolford and building the barges that will serve as the work platforms should commence around May 6th. The guard gate is also scheduled to be replaced, and staff is developing a work plan and procuring additional safety equipment for operation in confined spaces.

Elkhead Reservoir.

Ray Tenney reported the fish net at Elkhead may need to be cleaned, but that will be the responsibility of Parks & Wildlife and CWCB. Staff emailed and/or contacted all property owners informing about the schedule and amounts of when Elkhead will spill once the ice sheet is melted off.

Future Meetings.

- a. Third Regular Joint Quarterly Meeting, **July 16-17, 2019, Glenwood Springs, CO.**
- b. CRWCD Annual Seminar, **September 18, 2019, Colorado Mesa University.**
- c. CRWCD 2020 Budget Workshop, **September 19, 2020, Grand Junction, CO.**
- d. Fourth Regular Joint Quarterly Meeting, **October 15-16, 2019, Glenwood Springs, CO.**
- e. Other Meetings:
 - i. Joint West Slope Basin Roundtables Meeting, **June 20, 2019, Ute Water Conservancy District, Grand Junction, CO.**
 - ii. CWC Summer Convention, **August 20-22, 2019, Steamboat Springs, CO.**
 - iii. Statewide Basin Roundtable Summit, **September 25-26, 2019, Winter Park, CO.**
 - iv. CRWUA Convention, **December 11-13, 2019, Las Vegas, NV.**

John Currier reported the Colorado Water Trust awarded the Colorado River District the David Getches's Flowing Waters Award for 2019.

Andy Mueller acknowledged the efforts of John Currier coordinating with a number of municipalities/entities to release Ruedi water down to the irrigators in the Grand Valley, which in turn benefitted Garfield County, Pitkin County, Eagle County and Mesa County. He also reported additional water was released out of Elkhead

to the Endangered Fish Program last year, and rafting companies that normally raft on Clear Creek were moving their operations up to Kremmling to continue their commercial operations because of the water being released out of Woford Mountain Reservoir in 2018. The District's efforts throughout the River District continue to put water in streams in very critical years.

Adjourn.

There being no other business before the Board, President Merritt adjourned the meeting at 12:28 p.m.

ATTEST:

David H. Merritt, President

Andrew A. Mueller, Secretary/General Manager

Executive Session Attestations.

I hereby attest that the portions of the Executive Session that were not recorded constituted privileged attorney-client communications.

Peter Fleming, General Counsel

GO BACK
MINUTES¹
**SPECIAL JOINT MEETING OF THE BOARD OF DIRECTORS
OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
AND OF THE COLORADO RIVER WATER CONSERVATION DISTRICT
ACTING BY AND THROUGH ITS COLORADO RIVER WATER PROJECTS ENTERPRISE**

April 25, 2019

Pursuant to notice duly and properly given, a special joint meeting telephone conference of the Board of Directors of the Colorado River Water Conservation District (CRWCD) and of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise was held on Thursday, April 25, 2019, at the offices of the Colorado River District, 201 Centennial Street, Glenwood Springs, Colorado.

Directors participating during all or part of the meeting:

David H. Merritt, President, Garfield County
Martha Whitmore, Vice President, Ouray County
Steve Acquafresca, Mesa County
Tom Alvey, Delta County
Kathy Chandler-Henry, Eagle County
John Ely, Pitkin County

Tom Gray, Moffat County
Rebie Hazard, Saguache County
Doug Monger, Routt County
Mike Ritschard, Grand County
Karn Stiegelmeier, Summit County
Stan Whinnery, Hinsdale County

Directors not participating:

Marc Catlin, Montrose County
William S. Trampe, Gunnison County

Alden Vanden Brink, Rio Blanco County

Others participating during all or part of the meeting:

Peter Fleming, General Counsel, CRWCD
Jason Turner, Senior Counsel, CRWCD
Chris Treese, External Affairs Manager, CRWCD
Zane Kessler, Communications Director, CRWCD
Jim Pokrandt, Director of Community Affairs, CRWCD
John Currier, Chief Engineer, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Lorra Nichols, Paralegal, CRWCD
Chris Votoupal, Votoupal Government Affairs
John Justman, Mesa County Commissioner

Quorum.

President Merritt acknowledged a quorum and called the meeting to order at 12:03 p.m.

External Affairs.

State Affairs:

HB19-1327 CONCERNING SPORTS BETTING, AND, IN CONNECTION THEREWITH, SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO A BALLOT MEASURE AUTHORIZING THE COLLECTION OF A TAX ON THE NET PROCEEDS OF SPORTS BETTING THROUGH LICENSED CASINOS AND DIRECTING THE REVENUES GENERATED THROUGH COLLECTION OF THE SPORTS BETTING TAX TO SPECIFIED PUBLIC PURPOSES, INCLUDING THE STATE

¹An audio recording has been made of the meeting. The motions described herein may not necessarily represent a verbatim transcription. The audio recordings are available for listening at the CRWCD offices during regular office hours. These minutes are the official record of the Colorado River Water Conservation District's meeting.

WATER PLAN THROUGH CREATION OF THE WATER PLAN IMPLEMENTATION CASH FUND.

Short title: Water Plan Funding from Sports Betting Revenues

Recommendation: Support

Zane Kessler provided a thorough review of this late bill and its rapid progression through the process. Peter Fleming provided his concurrence to support the bill but expressed concern that revenues may be used for any category identified in SB19-212 (earlier JBC bill supported by the District) at CWCB's discretion and does not specifically earmark revenues for demand management.

Director Whitmore moved, seconded by Director Stiegelmeier, to **support HB19-1327**. Motion carried unanimously.

Adjourn.

There being no other business before the Board, President Merritt adjourned the meeting at 12:40 p.m.

ATTEST:

David H. Merritt, President

Andrew A. Mueller, Secretary/General Manager

COLORADO RIVER WATER CONSERVATION DISTRICT

**TREASURER'S REPORT
GENERAL FUND**

March 31, 2019

CASH AND EQUIVALENTS AS OF: 02/28/19

CASH ON HAND	\$179.64	
BOC-GLENWOOD-PETTY CASH-9497	\$282.95	
BOC-GLENWOOD - CHECKING	\$483,483.05	
COLOTRUST PRIME	\$431,189.37	
COLOTRUST PLUS	\$516,590.61	
INVESTMENTS	\$0.00	
TOTAL		\$1,431,725.62

DEPOSITS:

CASH ON HAND	1.00	
BOC-GLENWOOD-PETTY CASH-9497	0.04	
BOC-GLENWOOD - CHECKING	1,175,727.13	
COLOTRUST PRIME	847.87	
COLOTRUST PLUS	1,131.26	
TOTAL		1,177,707.30

DISBURSEMENTS:

CASH ON HAND	0.00	
BOC-GLENWOOD-PETTY CASH-9497	0.00	
BOC-GLENWOOD - CHECKING	424,342.81	
COLOTRUST PRIME	0.00	
COLOTRUST PLUS	0.00	
TOTAL		424,342.81

INVESTMENTS:

NET INCREASE/[DECREASE]	0.00	
TOTAL		0.00

CASH AND EQUIVALENTS AS OF: 03/31/19

\$2,185,090.11

SUMMARY:

CASH ON HAND	\$180.64
BOC-GLENWOOD-PETTY CASH-9497	\$282.99
BOC-GLENWOOD - CHECKING	\$1,234,867.37
COLOTRUST PRIME	\$432,037.24
COLOTRUST PLUS	\$517,721.87
INVESTMENTS	\$0.00

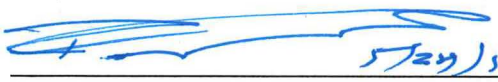
SUMMARY TOTAL AS OF: 03/31/19

\$2,185,090.11

Signature

Date

ROGER D. MAGGARD, TREASURER
COLORADO RIVER WATER
CONSERVATION DISTRICT



COLORADO RIVER WATER CONSERVATION DISTRICT

TREASURER'S REPORT
ANALYSIS OF INVESTMENTS
GENERAL FUND

March 31, 2019

	BALANCE 02/28/19	ADDITIONS (PURCHASED)	DELETIONS (MATURED)	BALANCE 03/31/19
CERTIFICATES OF DEPOSIT	\$0.00	\$0.00	\$0.00	\$0.00
TREASURIES & DISCOUNT AGENCIES	0.00	0.00	0.00	\$0.00
TOTAL INVESTMENTS	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
SUMMARY:				
Additions	\$0.00			
Deletions	<u>0.00</u>			
NET INCREASE/(DECREASE)	<u>\$0.00</u>			

COLORADO RIVER WATER CONSERVATION DISTRICT

**TREASURER'S REPORT
GENERAL FUND**

April 30, 2019

CASH AND EQUIVALENTS AS OF: 03/31/19

CASH ON HAND	\$180.64	
BOC-GLENWOOD-PETTY CASH-9497	\$282.99	
BOC-GLENWOOD - CHECKING	\$1,234,867.37	
COLOTRUST PRIME	\$432,037.24	
COLOTRUST PLUS	\$517,721.87	
INVESTMENTS	\$0.00	
TOTAL		\$2,185,090.11

DEPOSITS:

CASH ON HAND	0.00	
BOC-GLENWOOD-PETTY CASH-9497	0.04	
BOC-GLENWOOD - CHECKING	384,597.04	
COLOTRUST PRIME	828.01	
COLOTRUST PLUS	1,090.36	
TOTAL		386,515.45

DISBURSEMENTS:

CASH ON HAND	28.20	
BOC-GLENWOOD-PETTY CASH-9497	0.00	
BOC-GLENWOOD - CHECKING	399,595.08	
COLOTRUST PRIME	0.00	
COLOTRUST PLUS	0.00	
TOTAL		399,623.28

INVESTMENTS:

NET INCREASE/[DECREASE]	0.00	
TOTAL		0.00

CASH AND EQUIVALENTS AS OF: 04/30/19

\$2,171,982.28

SUMMARY:

CASH ON HAND	\$152.44
BOC-GLENWOOD-PETTY CASH-9497	\$283.03
BOC-GLENWOOD - CHECKING	\$1,219,869.33
COLOTRUST PRIME	\$432,865.25
COLOTRUST PLUS	\$518,812.23
INVESTMENTS	\$0.00

SUMMARY TOTAL AS OF: 04/30/19

\$2,171,982.28

Signature

Date

ROGER D. MAGGARD, TREASURER
COLORADO RIVER WATER
CONSERVATION DISTRICT

COLORADO RIVER WATER CONSERVATION DISTRICT

TREASURER'S REPORT
ANALYSIS OF INVESTMENTS
GENERAL FUND

April 30, 2019

	BALANCE 03/31/19	ADDITIONS (PURCHASED)	DELETIONS (MATURED)	BALANCE 04/30/19
CERTIFICATES OF DEPOSIT	\$0.00	\$0.00	\$0.00	\$0.00
TREASURIES & DISCOUNT AGENCIES	0.00	0.00	0.00	\$0.00
TOTAL INVESTMENTS	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
SUMMARY:				
Additions	\$0.00			
Deletions	<u>0.00</u>			
NET INCREASE/(DECREASE)	<u>\$0.00</u>			

Balance Sheet
Colorado River Water Conservation District
For 4/30/2019

Unaudited

	This Year	Last Year	Change
01 General Fund			
Assets			
01-00-1000.000 Cash Box - General	152.44	283.37	(130.93)
01-00-1001.000 Cash In Bank - BoC - Checking	1,219,869.33	962,319.30	257,550.03
01-00-1002.000 Cash In Bank - Petty Cash	283.03	613.19	(330.16)
01-00-1008.000 EFT Clearing Account	0.00	0.00	0.00
01-00-1009.000 Undeposited Funds	1,112,942.13	1,073,809.32	39,132.81
01-00-1010.000 Wells Fargo /Colotrust -0100	0.00	0.00	0.00
01-00-1015.000 General ColoTrust Prime	432,865.25	424,102.65	8,762.60
01-00-1016.000 General ColoTrust Plus	518,812.23	506,689.78	12,122.45
01-00-1020.000 Investments-All	0.00	0.00	0.00
01-00-1021.000 Allow. For Investments+-	0.00	0.00	0.00
01-00-1022.000 Accum Amortization Investments	0.00	0.00	0.00
01-00-1023.000 Accrued Interest	0.00	0.00	0.00
01-00-1200.000 Accounts Receivable	2,950.90	194.90	2,756.00
01-00-1201.000 Accounts Receivable - Spec.	0.00	0.00	0.00
01-00-1205.000 Housing Notes Receivable	306,301.12	326,293.99	(19,992.87)
01-00-1206.000 Deferred Revenue	(9,756.70)	(11,810.77)	2,054.07
01-00-1207.000 457 Loans Receivable	0.00	0.00	0.00
01-00-1210.000 Property Tax Receivables	4,298,006.00	4,226,504.00	71,502.00
01-00-1225.000 Allowance Housing Forgiveness	(148,928.00)	(156,023.00)	7,095.00
01-00-1300.000 Prepaid Expenses	0.00	0.00	0.00
01-00-1505.000 Office Equipment	0.00	0.00	0.00
01-00-1599.000 Assets in Fixed Assets Fund	0.00	0.00	0.00
01-02-1990.000 Internal Balances	(50,003.52)	12,360.45	(62,363.97)
01-03-1990.000 Internal Balances	0.00	0.00	0.00
01-04-1990.000 Internal Balances	645,845.17	377,742.95	268,102.22
01-05-1990.000 Internal Balances	0.00	0.00	0.00
01-06-1990.000 Internal Balances	0.00	0.00	0.00
01-07-1990.000 Internal Balances	27,346.19	21,530.22	5,815.97
Total Assets	8,356,685.57	7,764,610.35	592,075.22
Liabilities and Net Assets			
01-00-2000.000 Accounts Payable	156,698.10	209,706.74	(53,008.64)
01-00-2001.000 Encumbrance Payable	0.00	0.00	0.00
01-00-2010.000 Wages Payable	0.00	0.00	0.00
01-00-2011.000 FICA/Mdcr Payable	(0.01)	0.00	(0.01)
01-00-2012.000 Fwt Payable	0.00	(0.01)	0.01
01-00-2013.000 Cwt Payable	0.00	0.00	0.00
01-00-2014.000 Sui Payable	666.83	676.45	(9.62)
01-00-2015.000 Disability Insurance	0.00	0.00	0.00
01-00-2016.000 Deferred Compension Payable	0.00	0.00	0.00
01-00-2017.000 HSA	0.00	0.00	0.00
01-00-2018.000 Health Insurance Premium Payable	254.04	0.00	254.04
01-00-2019.000 RHS -Payable	0.01	17,999.97	(17,999.96)
01-00-2020.000 Voluntary Life Payable	(481.95)	(499.91)	17.96
01-00-2021.000 Accrued Vacation Payable	0.00	0.00	0.00
01-00-2022.000 Accrued Vacation/Comp	0.00	0.00	0.00
01-00-2023.000 Cafeteria Plan - MSA Payable	(311.44)	(340.54)	29.10
01-00-2024.000 Cafeteria Plan - DCAP Payable	2,102.32	2,499.93	(397.61)
01-00-2025.000 457 Loan Payable	0.00	0.00	0.00
01-00-2026.000 Roth Payable	0.00	(0.33)	0.33
01-00-2040.000 24hourFlex Min Maint Bal	(1,500.00)	(1,500.00)	0.00
01-00-2200.000 Deferred Property Tax Revenue	4,298,006.00	4,226,504.00	71,502.00
01-00-2999.000 Excess Funds Transfer to CPO	0.00	0.00	0.00
Total Liabilities	4,455,433.90	4,455,046.30	387.60
01-00-3000.000 Tabor Emergency Reserve	133,418.00	131,680.00	1,738.00
01-00-3010.000 Unappropriated Fund Balance	2,183,902.12	1,753,111.43	430,790.69
Change in Net Assets	1,583,931.55	1,424,772.62	159,158.93
Total Liabilities and Net Assets	8,356,685.57	7,764,610.35	592,075.22

FOR INTERNAL USE ONLY

Income Statement

Colorado River Water Conservation District

For 4/30/2019

Unaudited

Page: 1

General Fund	M-T-D Actual \$	Y-T-D Actual \$	Annual Budget \$	YTD % Budget
Revenues				
4000. County Taxes	1,117,153.21	2,851,646.02	4,300,633.68	66.31
4001. SO And Other Tax	49,043.19	123,200.83	287,230.71	42.89
4002. Delinquent Taxes (general)	124.03	2,377.15	7,664.31	31.02
4010. Property Tax Interest	(365.49)	1,029.73	9,183.58	11.21
4020. Tax Increment Financing	(7,464.14)	(13,717.93)	(15,791.50)	86.87
4025. Tax Abatements/Credits	(4,124.12)	(5,426.87)	(17,280.63)	31.40
4030. County Treasurers Fees	(41,424.55)	(103,164.14)	(143,845.00)	71.72
4110. Investment Interest	2,476.90	9,670.18	20,000.00	48.35
4120. Miscellaneous Income	0.00	55.53	7,500.00	0.74
4130. Management Fee	0.00	0.00	0.00	0.00
4401. Cost of Goods Sold	0.00	0.00	0.00	0.00
Total Revenues	1,115,419.03	2,865,670.50	4,455,295.15	64.32
Expenses				
5000. Contingency Salaries	0.00	0.00	0.00	0.00
5001. Salaries	153,719.04	610,414.66	2,009,242.38	30.38
5010. Accrued Vacation	0.00	0.00	0.00	0.00
5011. Fica/Medicare	11,069.17	43,847.07	137,457.03	31.90
5014. Unemployment	433.30	1,718.50	5,996.06	28.66
5016. Workers Compensation Insurance	0.00	4,636.86	6,518.16	71.14
5115. Disability Insurance	973.31	3,921.39	12,109.17	32.38
5118. Health Insurance	31,377.97	132,419.65	410,549.59	32.25
5120. Cafeteria Plan-Employer	0.00	0.00	0.00	0.00
5121. Cafeteria Plan-Administration	52.50	206.25	600.00	34.38
5122. Retirement - 457 Matching	2,041.35	7,916.25	15,600.00	50.75
5123. Retirement - Employer	15,429.43	60,559.42	196,870.00	30.76
5124. Retirement - Administration	0.00	937.50	3,750.00	25.00
5125. RHS- Employer Contribution	3,711.85	14,672.00	27,600.00	53.16
5211. Employee Housing	0.00	1,125.00	23,550.00	4.78
5212. Education Assistance	131.25	918.75	0.00	0.00
5220. Overhead-C	0.00	0.00	21,442.50	0.00
5310. Travel	11,961.09	38,966.27	149,723.00	26.03
5311. Staff Registration	1,143.75	11,361.75	19,621.00	57.91
5312. Meeting Expense	1,505.71	4,466.58	21,423.00	20.85
6000. Directors Fees	0.00	3,262.50	13,500.00	24.17
6001. Education/Professional Development	0.00	5,581.12	8,125.00	68.69
6012. Legal Notice	0.00	0.00	2,250.00	0.00
6013. Special Counsel	5,524.43	13,259.49	70,680.00	18.76
6014. Legal Engineering	1,746.60	3,705.73	108,180.00	3.43
6015. Legal/Litigation / Adr	0.00	0.00	51,929.00	0.00
6016. Miscellaneous Legal/Materials	1,297.10	9,649.38	18,750.00	51.46
6017. Legal Contingency	0.00	0.00	11,250.00	0.00
6018. Legal Assistance To Others	0.00	0.00	0.00	0.00
6020. Washington Counsel/Lobbyist	1,125.00	4,500.00	13,500.00	33.33
6021. Colorado Lobbyist	2,000.00	5,500.00	17,500.00	31.43
6022. Education Assistance To Others	0.00	3,562.50	15,000.00	23.75
6023. External Affairs -C	0.00	0.00	2,250.00	0.00
6024. Education Programs	2,399.52	5,932.60	135,000.00	4.39
6025. Water Policy Survey	0.00	22,125.00	35,000.00	63.21
6026. Education Supplies	0.00	0.00	1,500.00	0.00
6100. Projects & Grants	0.00	0.00	0.00	0.00
6102. Consultant	0.00	0.00	4,000.00	0.00
6103. Accounting Consultant	0.00	1,653.75	5,000.00	33.08
6104. Audit	0.00	0.00	27,000.00	0.00
6105. Investment/Banking Services	17.44	76.88	500.00	15.38
6110. Admin Services/Expenses-C	59.18	280.01	6,000.00	4.67
6150. Assessments	5,195.67	26,188.95	67,500.00	38.80
6200. Postage	(3.98)	(36.10)	3,000.00	(1.20)
6201. Office Supplies	608.21	2,375.62	9,000.00	26.40
6202. Telephone	1,788.12	6,904.52	24,000.00	28.77
6203. Printing	0.00	0.00	0.00	0.00
6204. Insurance	(414.15)	21,208.80	21,000.00	100.99
6205. Records	33.75	101.25	1,200.00	8.44
6210. Lease Equipment	560.16	3,652.35	12,750.00	28.65
6211. Equipment Repairs	0.00	0.00	0.00	0.00
6301. Subscriptions	27.00	553.46	3,900.00	14.19
6302. Dues / Memberships	2,336.25	9,372.00	21,100.00	44.42

Income Statement
Colorado River Water Conservation District
For 4/30/2019

Unaudited

Page: 2

	M-T-D	Y-T-D	Annual	YTD %
	Actual \$	Actual \$	Budget \$	Budget
General Fund				
6310. Computer Licenses/Software & Services	2,852.78	18,281.78	45,000.00	40.63
6320. Small Office Equipment	0.00	0.00	450.00	0.00
6340. Vehicle Maintenance	597.54	3,232.26	15,000.00	21.55
6500. Bldg Construction/Remodel	0.00	0.00	0.00	0.00
6600. Bad Debt Expense	0.00	0.00	0.00	0.00
6601. Technical Contingency	0.00	0.00	10,000.00	0.00
6605. Water Quality/Selenium Coord.	15.90	31.80	20,000.00	0.16
6606. Colorado Watershed Management	2,621.40	15,114.15	20,000.00	75.57
6607. Interstate Watershed Management	25,000.00	25,000.00	30,000.00	83.33
6608. Division 4 Work Plan	6,377.00	6,377.00	38,000.00	16.78
6609. Division 5 Work Plan	6,624.61	16,108.49	40,000.00	40.27
6610. Division 6 Work Plan	0.00	0.00	20,000.00	0.00
6611. ESA/Recovery	0.00	13,496.00	15,000.00	89.97
6612. Colorado River Contingency	0.00	0.00	0.00	0.00
7001. USGS Gaging	94,202.42	96,599.76	299,409.00	32.26
7120. Tabor Contingency	0.00	0.00	129,758.24	0.00
8900. Excess Fund Transfer	0.00	0.00	0.00	0.00
Total Expenses	<u>396,141.67</u>	<u>1,281,738.95</u>	<u>4,455,033.13</u>	<u>28.77</u>
Excess Revenue Over (Under) Expenditures	<u>719,277.36</u>	<u>1,583,931.55</u>	<u>262.02</u>	<u>604,507.88</u>

Colorado River Water Conservation District

Check Register from 3/01/2019 to 4/30/2019

1 GEN - BOC

Check/EFT	Date	Vendor / Description	Check / Payment
0997575	3/06/2019	[GBERRY] GBERRY CORP	1,666.66
0997576	3/06/2019	[GERBER] GERBER COLLISION & GLASS	1,783.43
0997577	3/06/2019	[TWORIV] TWO RIVERS PARK PLAZA OFFICE CONDO ASSOC	6,927.26
0997578	3/06/2019	[VERIZON] VERIZON WIRELESS	1,486.50
0997579	3/06/2019	[WTR STRAT] WATER STRATEGIES LLC	1,500.00
0997580	3/13/2019	[ALPINE] ALPINE TECHNOLOGIES, INC	3,697.49
0997581	3/13/2019	[BISHOP] BISHOP-BROGDEN ASSOCIATES, INC	288.75
0997582	3/13/2019	[GWS-CBN] CITY OF GLENWOOD SPRINGS	75.00
0997583	3/13/2019	[MERRITTD] DAVID H MERRITT	515.06
0997584	3/13/2019	[MONGERD] DOUGLAS B. MONGER	569.58
0997585	3/13/2019	[WHITMOREM] MARTHA P WHITMORE	705.88
0997586	3/13/2019	[NEWBRIDGE] NEW BRIDGE STRATEGY LLC	29,500.00
0997587	3/13/2019	[PITSTP] THE PIT STOP	140.00
0997588	3/13/2019	[SANDYS] SANDY'S OFFICE SUPPLY, INC	96.54
0997589	3/13/2019	[ACQUAFRESCAS] STEVEN J ACQUAFRESCA	149.40
0997590	3/13/2019	[CWA] SUSTAINING COLORADO WATERSHEDS	1,000.00
0997591	3/19/2019	[BLIZZARD] BLIZZARD PRESS	750.00
0997592	3/19/2019	[BLUE RIVER] BLUE RIVER WATERSHED GROUP	750.00
0997593	3/19/2019	[CBA] COLORADO BAR ASSOCIATION	74.05
0997594	3/19/2019	[EC] EMPLOYERS COUNCIL	2,800.00
0997595	3/19/2019	[FPMAIL] FP MAILING SOLUTIONS	162.00
0997596	3/19/2019	[IMAGENET] IMAGENET CONSULTING LLC	552.54
0997597	3/19/2019	[LEXISBENDER] MATTHEW BENDER	347.18
0997598	3/19/2019	[NCWCD] NORTHERN WATER	1,320.00
0997599	3/19/2019	[TENNEYR] RAY D TENNEY	1,191.54
0997600	3/19/2019	[HAZARDR] REBIE S HAZARD	101.37
0997601	3/19/2019	[WESTPU] THOMSON REUTERS-WEST PAYMENT CENTER	1,635.96
0997602	3/19/2019	[TRUEBR] TRUE BREW COFFEE SERVICE	52.50
0997603	3/19/2019	[UMB] UMB	1,072.03
0997604	3/19/2019	[DULAW] UNIVERSITY OF DENVER	500.00
0997605	3/19/2019	[VGA] VOTUPAL GOVERNMENTAL AFFAIRS LLC	1,000.00
0997606	3/22/2019	[RITSCHARDM] MICHAEL D RITSCHARD (Thursday)	184.70
0997607	3/27/2019	[ASPENRADIO] ASPEN PUBLIC RADIO	408.00
0997608	3/27/2019	[BONFIRE] BONFIRE COFFEE	151.76
0997609	3/27/2019	[CANON] CANON FINANCIAL SERVICES, INC	266.19
0997610	3/27/2019	[CA14032] DIETZE & DAVIS, PC	299.00
0997611	3/27/2019	[HARVEY] HARVEY ECONOMICS	1,391.89
0997612	3/27/2019	[IMAGENET] IMAGENET CONSULTING LLC	109.85
0997613	3/27/2019	[METLIFE] METLIFE - GROUP BENEFITS	4,570.47
0997614	4/03/2019	[TWORIV] TWO RIVERS PARK PLAZA OFFICE CONDO ASSOC	6,927.56
0997615	4/03/2019	[BONFIRE] BONFIRE COFFEE	129.48
0997616	4/03/2019	[CWT] COLORADO WATER TRUST	1,000.00
0997617	4/03/2019	[CONFLUENCE] CONFLUENCE WATER CONSULTING LLC	737.71
0997618	4/03/2019	[EC] EMPLOYERS COUNCIL	405.82
0997619	4/03/2019	[FILEFIND] FILE FINDERS LTD	45.00
0997620	4/03/2019	[GBERRY] GBERRY CORP	1,666.66
0997621	4/03/2019	[SNELL] SNELL & WILMER	942.50
0997622	4/03/2019	[GRAYT] TOM R GRAY	145.00
0997623	4/03/2019	[VERIZON] VERIZON WIRELESS	1,310.42
0997624	4/10/2019	[ALPINE] ALPINE TECHNOLOGIES, INC	3,129.96

Colorado River Water Conservation District

Check Register from 3/01/2019 to 4/30/2019

1 GEN - BOC

Check/EFT	Date	Vendor / Description	Check / Payment
0997625	4/10/2019	[ASPENRADIO] ASPEN PUBLIC RADIO	408.00
0997626	4/10/2019	[GWS-CBN] CITY OF GLENWOOD SPRINGS	75.00
0997627	4/10/2019	[CALP] COLORADO AGRICULTURE LEADERSHIP PROGRAM	500.00
0997628	4/10/2019	[RIVERIA] RIVERSIDE IMPORT AUTO	1,999.03
0997629	4/10/2019	[SANDYS] SANDY'S OFFICE SUPPLY, INC	114.81
0997630	4/10/2019	[VGA] VOTOU PAL GOVERNMENTAL AFFAIRS LLC	1,000.00
0997631	4/17/2019	[CO INTER] COLORADO INTERACTIVE	94.50
0997632	4/17/2019	[MRP] GLOBAL RETIREMENT PARTNERS, LLC	1,250.00
0997633	4/17/2019	[GRANDWP] GRAND COUNTY	4,791.00
0997634	4/17/2019	[MAGGARD] MAGGARD & HOOD, P.C.	735.00
0997635	4/17/2019	[WESTPU] THOMSON REUTERS-WEST PAYMENT CENTER	1,336.51
0997636	4/17/2019	[UMB] UMB	1,031.08
0997637	4/17/2019	[WTR STRAT] WATER STRATEGIES LLC	1,500.00
0997638	4/24/2019	[CANON] CANON FINANCIAL SERVICES, INC	266.19
0997639	4/24/2019	[DIETZE] DIETZE AND DAVIS, PC	453.50
0997639	4/24/2019	[CA14032] DIETZE & DAVIS, PC	278.40
0997640	4/24/2019	[EPRC] EAGLE PARK RESERVOIR COMPANY	7,225.78
0997641	4/24/2019	[GLENBREW] GLENWOOD CANYON BREWING CO	510.00
0997642	4/24/2019	[IMAGENET] IMAGENET CONSULTING LLC	20.69
0997643	4/24/2019	[METLIFE] METLIFE - GROUP BENEFITS	4,570.47
0997644	4/24/2019	[RIVERS] RIVERS RESTAURANT	1,032.50
0997645	4/24/2019	[WESTPU] THOMSON REUTERS-WEST PAYMENT CENTER	299.45
0997646	4/24/2019	[UVWUA] UNCOMPAHGRE VALLEY WUA	6,377.00
EFT	4/24/2019	Pay period ending 4/14/2019	135,484.82
EFT	3/22/2019	Pay period ending 3/14/2019	145,554.61
EFT0156	4/04/2019	[24HOURFLEX] 24HOURFLEX	25.99
EFT0156	4/08/2019	[24HOURFLEX] 24HOURFLEX	628.00
EFT0156	4/09/2019	[24HOURFLEX] 24HOURFLEX	79.00
EFT0156	4/23/2019	[24HOURFLEX] 24HOURFLEX	500.00
EFT0156	3/29/2019	[24HOURFLEX] 24HOURFLEX	150.00
EFT0156	4/23/2019	[24HOURFLEX] 24HOURFLEX	51.00
EFT0156	3/19/2019	[24HOURFLEX] 24HOURFLEX	731.00
EFT041519	4/15/2019	[24HOURFLEX] 24HOURFLEX	70.00
EFT07b4db1	4/22/2019	[TURNERJ] JASON V TURNER	233.89
EFT0d846b7	4/02/2019	[FLEMINGP] PETER C FLEMING	2,172.66
EFT1060007	3/27/2019	[FPMAIL] FP MAILING SOLUTIONS	100.00
EFT1160608	3/22/2019	[ICMA457] ICMA - 457 (March PR)	28,713.52
EFT1161309	3/22/2019	[ICMARHS] ICMA - RHS (March PR)	10,413.81
EFT1161377	4/24/2019	[ICMA457] ICMA - 457 (April PR)	36,413.52
EFT1161705	3/22/2019	[ICMA401] ICMA (March PR)	23,564.91
EFT1162027	3/22/2019	[ICMAIRA] ICMA - ROTH IRA (March PR)	2,050.00
EFT1162194	4/24/2019	[ICMARHS] ICMA - RHS (April PR)	10,413.81
EFT1162680	4/24/2019	[ICMA401] ICMA (April PR)	23,720.81
EFT1163008	4/24/2019	[ICMAIRA] ICMA - ROTH IRA (April PR)	2,050.00
EFT1179096	4/25/2019	[IRS] INTERNAL REVENUE SERVICE (April PR)	60,646.50
EFT1430826	3/01/2019	[CENLINK] CENTURYLINK	614.12
EFT1431325	3/29/2019	[CENLINK] CENTURYLINK	613.72
eft14317470	4/30/2019	[CENLINK] CENTURYLINK	617.13
EFT1670319	3/11/2019	[VISA] VISA-PINNACLE BANK OF PAPILLION	1,981.17
EFT1670320	3/11/2019	[VISA] VISA-PINNACLE BANK OF PAPILLION	107.95

Colorado River Water Conservation District

Check Register from 3/01/2019 to 4/30/2019

1 GEN - BOC

Check/EFT	Date	Vendor / Description	Check / Payment
EFT1670322	3/11/2019	[VISA] VISA-PINNACLE BANK OF PAPILLION	1,060.07
EFT1676024	4/18/2019	[VISA] VISA-PINNACLE BANK OF PAPILLION	1,973.50
EFT1676024	4/18/2019	[VISA] VISA-PINNACLE BANK OF PAPILLION	1,394.36
EFT1676024	4/18/2019	[VISA] VISA-PINNACLE BANK OF PAPILLION	166.01
EFT1c04fed	4/12/2019	[POKRANDTJ] JAMES E POKRANDT	3,777.78
EFT1e14026	3/18/2019	[EYTELM] MICHAEL A EYTEL	904.42
EFT2245872	4/17/2019	[CITRIX] LOGMEIN USA, INC.	345.80
EFT29c497d	3/05/2019	[FLEMINGP] PETER C FLEMING	273.80
EFT2a34417	3/14/2019	[TREESEC] CHRISTOPHER J TREESE	3,285.22
EFT31519	3/15/2019	[24HOURFLEX] 24HOURFLEX	70.00
EFT4784e2a	4/17/2019	[CHAVEZS] SONJA CHAVEZ	681.90
EFT4914646	4/15/2019	[MUELLERA] ANDREW A MUELLER	1,082.66
EFT5511017	4/04/2019	[IRS] INTERNAL REVENUE SERVICE (Dec PR underpayment)	125.07
EFT5614e31	4/24/2019	[USBANKHSA] US BANK (April PR)	7,993.70
EFT64645fe	4/30/2019	[TREESEC] CHRISTOPHER J TREESE	4,390.46
EFT66243b7	3/22/2019	[MOOREM] MARTHA R MOORE	315.16
EFT6c84539	3/12/2019	[KANZERD] DAVID A KANZER	4,600.86
EFT7172925	3/22/2019	[IRS] INTERNAL REVENUE SERVICE (March PR)	59,835.90
EFT7356062	3/22/2019	[CODEPREV] COLORADO DEPT OF REVENUE (March PR)	7,877.79
EFT7447131	4/25/2019	[CODEPREV] COLORADO DEPT OF REVENUE (April PR)	7,985.09
EFT758933	3/22/2019	[COLOTR] COLO STATE TREASURER (March PR)	1,998.02
EFT7d64752	4/01/2019	[WSHCG] WESTERN SLOPE HEALTH CARE GROUP	39,872.55
eft7ff45daac	3/25/2019	[KESSLERZ] ZANE M KESSLER	3,351.23
eft9504b258	3/22/2019	[CHAVEZS] SONJA CHAVEZ	93.38
EFT9524d60	3/22/2019	[USBANKHSA] US BANK (March PR)	8,493.70
eft9614e15b	3/15/2019	[CURRIERJ] JOHN M CURRIER	766.51
EFT9663065	3/18/2019	[CITRIX] LOGMEIN USA, INC.	300.00
EFT98644ce	3/04/2019	[WSHCG] WESTERN SLOPE HEALTH CARE GROUP	38,809.03
EFT9be4160	4/08/2019	[TREESEC] CHRISTOPHER J TREESE	2,644.62
EFT9c844ac	4/15/2019	[EYTELM] MICHAEL A EYTEL	922.60
EFTa1e4628	3/08/2019	[MOOREM] MARTHA R MOORE	53.03
EFTb884688	4/02/2019	[CAUSEYH] HUNTER J CAUSEY	799.58
EFTcb84edf9	3/04/2019	[CAUSEYH] HUNTER J CAUSEY	97.73
EFTe8e41da	3/04/2019	[CHAVEZS] SONJA CHAVEZ	246.16
EFTec64130	3/06/2019	[MUELLERA] ANDREW A MUELLER	1,204.32
Total Checks:			817,595.55

COLORADO RIVER WATER CONSERVATION DISTRICT

**TREASURER'S REPORT
CAPITAL PROJECTS FUND**

March 31, 2019

CASH AND EQUIVALENTS AS OF: **02/28/19**

BOC-GLENWOOD - CHECKING	\$856,314.53
COLOTRUST PRIME	\$81,594.25
COLOTRUST PLUS	\$2,066,362.53
PEAKS	\$10,651.99
INVESTMENTS	<u>\$1,000,000.00</u>

TOTAL **\$4,014,923.30**

DEPOSITS:

BOC-GLENWOOD - CHECKING	149.68
COLOTRUST PRIME	160.44
COLOTRUST PLUS	4,525.04
PEAKS	<u>24.96</u>

TOTAL **4,860.12**

DISBURSEMENTS:

BOC-GLENWOOD - CHECKING	12,500.00
COLOTRUST PRIME	0.00
COLOTRUST PLUS	0.00
PEAKS	<u>0.00</u>

TOTAL **12,500.00**

INVESTMENTS:

NET INCREASE/[DECREASE]	<u>0.00</u>
-------------------------	-------------

TOTAL 0.00

CASH AND EQUIVALENTS AS OF: **03/31/19**

\$4,007,283.42

SUMMARY:

BOC-GLENWOOD - CHECKING	\$843,964.21
COLOTRUST PRIME	81,754.69
COLOTRUST PLUS	2,070,887.57
PEAKS	10,676.95
INVESTMENTS	<u>1,000,000.00</u>

SUMMARY TOTAL AS OF: **03/31/19** **\$4,007,283.42**

Signature

Date

ROGER D. MAGGARD, TREASURER
COLORADO RIVER WATER
CONSERVATION DISTRICT

COLORADO RIVER WATER CONSERVATION DISTRICT

TREASURER'S REPORT
ANALYSIS OF INVESTMENTS
CAPITAL PROJECTS FUND

March 31, 2019

	BALANCE 02/28/19	ADDITIONS (PURCHASED)	DELETIONS (MATURED)	BALANCE 03/31/19
TREASURIES & DISCOUNT AGENCIES				
FHLB #31308Q30	\$1,000,000.00			1,000,000.00
TOTAL INVESTMENTS	<u>\$1,000,000.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$1,000,000.00</u>

SUMMARY:

Additions	0.00
Deletions	<u>\$0.00</u>
NET INCREASE/(DECREASE)	<u>\$0.00</u>

COLORADO RIVER WATER CONSERVATION DISTRICT

**TREASURER'S REPORT
CAPITAL PROJECTS FUND**

April 30, 2019

CASH AND EQUIVALENTS AS OF: **03/31/19**

BOC-GLENWOOD - CHECKING	\$843,964.21
COLOTRUST PRIME	\$81,754.69
COLOTRUST PLUS	\$2,070,887.57
PEAKS	\$10,676.95
INVESTMENTS	<u>\$1,000,000.00</u>

TOTAL **\$4,007,283.42**

DEPOSITS:

BOC-GLENWOOD - CHECKING	159.27
COLOTRUST PRIME	156.69
COLOTRUST PLUS	4,361.44
PEAKS	<u>17.60</u>

TOTAL **4,695.00**

DISBURSEMENTS:

BOC-GLENWOOD - CHECKING	56,217.49
COLOTRUST PRIME	0.00
COLOTRUST PLUS	0.00
PEAKS	<u>0.00</u>

TOTAL **56,217.49**

INVESTMENTS:

NET INCREASE/[DECREASE]	<u>0.00</u>
-------------------------	-------------

TOTAL 0.00

CASH AND EQUIVALENTS AS OF: **04/30/19**

\$3,955,760.93

SUMMARY:

BOC-GLENWOOD - CHECKING	\$787,905.99
COLOTRUST PRIME	81,911.38
COLOTRUST PLUS	2,075,249.01
PEAKS	10,694.55
INVESTMENTS	<u>1,000,000.00</u>

SUMMARY TOTAL AS OF: **04/30/19** **\$3,955,760.93**

Signature

Date

ROGER D. MAGGARD, TREASURER
COLORADO RIVER WATER
CONSERVATION DISTRICT

COLORADO RIVER WATER CONSERVATION DISTRICT

TREASURER'S REPORT
ANALYSIS OF INVESTMENTS
CAPITAL PROJECTS FUND

April 30, 2019

	BALANCE 03/31/19	ADDITIONS (PURCHASED)	DELETIONS (MATURED)	BALANCE 04/30/19
TREASURIES & DISCOUNT AGENCIES				
FHLB #31308Q30	\$1,000,000.00			1,000,000.00
TOTAL INVESTMENTS	<u>\$1,000,000.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$1,000,000.00</u>

SUMMARY:

Additions 0.00

Deletions \$0.00

NET INCREASE/(DECREASE) \$0.00

Balance Sheet

Colorado River Water Conservation District

For 4/30/2019

Unaudited

	This Year	Last Year	Change
02 Capital Project Fund			
Assets			
02-00-1001.000 Capital Project -BoC	787,905.99	1,072,792.07	(284,886.08)
02-00-1002.000 Peaks - CPO	10,694.55	38,998.93	(28,304.38)
02-00-1009.000 Undeposit Funds	0.00	0.00	0.00
02-00-1010.000 Wells Fargo /Colotrust -0100	0.00	0.00	0.00
02-00-1011.000 CSAFE - 5604 - Omid	0.00	0.00	0.00
02-00-1015.000 Capital ColoTrust Prime	81,911.38	80,253.23	1,658.15
02-00-1016.000 Capital ColoTrust Plus	2,075,249.01	2,026,759.14	48,489.87
02-00-1020.000 Investments-All	1,000,000.00	1,000,000.00	0.00
02-00-1021.000 Allowance For Investments	(47,390.00)	(41,190.00)	(6,200.00)
02-00-1022.000 Accum. Amortization	0.00	0.00	0.00
02-00-1023.000 Accrued Interest	9,405.00	9,405.00	0.00
02-00-1200.000 Accounts Receivable	0.00	0.00	0.00
02-00-1300.000 Prepaid Expenses	0.00	0.00	0.00
02-00-1599.000 Assets	0.00	0.00	0.00
02-00-1999.000 Excess Funds Transfer from GEN	0.00	0.00	0.00
02-01-1990.000 Internal Balances	50,003.52	(12,360.45)	62,363.97
Total Assets	3,967,779.45	4,174,657.92	(206,878.47)
Liabilities and Net Assets			
02-00-2000.000 Accounts Payable	0.00	37,500.00	(37,500.00)
02-00-2001.000 Encumbrance Payable	0.00	0.00	0.00
Total Liabilities	0.00	37,500.00	(37,500.00)
02-00-3010.000 Fund Balances	4,039,283.36	4,170,678.79	(131,395.43)
Change in Net Assets	(71,503.91)	(33,520.87)	(37,983.04)
Total Liabilities and Net Assets	3,967,779.45	4,174,657.92	(206,878.47)

FOR INTERNAL USE ONLY

Income Statement
Colorado River Water Conservation District
For 4/30/2019

Unaudited

Page: 1

Capital Project Fund	M-T-D Actual \$	Y-T-D Actual \$	Annual Budget \$	YTD % Budget
Revenues				
4110. Investment Interest	4,695.00	29,311.39	50,000.00	58.62
4120. Miscellaneous Income	0.00	0.00	0.00	0.00
4130. Management Fee	0.00	0.00	0.00	0.00
4201. NEPA Cost Reimbursements	0.00	0.00	0.00	0.00
4900. Excess Funds Transfer	0.00	0.00	0.00	0.00
Total Revenues	4,695.00	29,311.39	50,000.00	58.62
Expenses				
5212. Education Assistance	0.00	0.00	0.00	0.00
5312. Meeting Expense	0.00	0.00	300.00	0.00
6013. Special Counsel	0.00	0.00	0.00	0.00
6014. Legal Engineering	0.00	0.00	0.00	0.00
6015. Legal Litigation / Adr	0.00	0.00	0.00	0.00
6016. Miscellaneous Legal/Materials	0.00	0.00	0.00	0.00
6017. Legal Contingency	0.00	0.00	0.00	0.00
6101. Project Assistance	0.00	42,705.35	0.00	0.00
6105. Investment/Banking Services	0.00	0.00	100.00	0.00
6201. Office Supplies	0.00	0.00	0.00	0.00
6310. Computer Licenses/Software & Services	0.00	359.98	30,000.00	1.20
6500. Bldg Construction/Remodel	8,547.86	8,547.86	18,750.00	45.59
6501. Office Equipment	0.00	0.00	5,000.00	0.00
6502. Computer Equipment	0.00	2,258.35	0.00	0.00
6503. Office Reconfiguration	0.00	0.00	1,000.00	0.00
6600. Bad Debt Expense	0.00	0.00	0.00	0.00
7011. Ruedi Water	0.00	16,532.76	20,000.00	82.66
7108. Contingency Planning Implementation (Water Banking)	0.00	0.00	0.00	0.00
9000. Fleet Vehicle Acquisition	30,411.00	30,411.00	40,000.00	76.03
Total Expenses	38,958.86	100,815.30	115,150.00	87.55
Excess Revenue Over (Under) Expenditures	(34,263.86)	(71,503.91)	(65,150.00)	109.75

Colorado River Water Conservation District

Check Register from 3/01/2019 to 4/30/2019

3 CPO - BOC

Check/EFT	Date	Vendor / Description	Check / Payment
0995079	3/27/2019	[CG16004] ORCHARD RANCH DITCH COMPANY	12,500.00
0995080	4/03/2019	[CG16002] CROSHO LAKE CORPORATION	5,000.00
0995081	4/03/2019	[CG18007] JERRY ELLER	9,409.35
0995082	4/17/2019	[BIGHORN] BIGHORN TOYOTA	30,411.00
0995083	4/17/2019	[FLOORING] FLOORING AMERICA OF GWS	11,397.14
Total Checks:			68,717.49

COLORADO RIVER WATER CONSERVATION DISTRICT
TREASURER'S REPORT
ENTERPRISE FUND

March 31, 2019

CASH AND EQUIVALENTS AS OF:

2/28/19

CASH ON HAND	\$200.00	
BANK OF THE WEST-PETTY CASH-2163	\$1,928.12	
BOC-GLENWOOD - CHECKING	\$4,718,925.30	
COLOTRUST PRIME	\$2,858,176.97	
COLOTRUST PLUS	\$3,099,543.78	
CSAFE-5601	\$3,150,055.20	
PEAKS	\$45,089.47	
INVESTMENTS	<u>\$13,562,083.50</u>	
TOTAL		\$27,436,002.34

DEPOSITS:

CASH ON HAND	0.00	
BANK OF THE WEST-PETTY CASH-2163	0.00	
BOC-GLENWOOD - CHECKING	701,012.96	
COLOTRUST PRIME	5,620.16	
COLOTRUST PLUS	6,787.55	
CSAFE-5601	6,638.98	
PEAKS	<u>267,750.77</u>	
TOTAL		987,810.42

DISBURSEMENTS:

CASH ON HAND	0.00	
BANK OF THE WEST-PETTY CASH-2163	40.00	
BOC-GLENWOOD - CHECKING	160,058.69	
COLOTRUST PRIME	0.00	
COLOTRUST PLUS	0.00	
CSAFE-5601	0.00	
PEAKS	<u>245,000.00</u>	
TOTAL		405,098.69

INVESTMENTS:

NET INCREASE/(DECREASE)	<u>0.00</u>	
TOTAL		<u>0.00</u>

CASH AND EQUIVALENTS AS OF:

03/31/19

\$28,018,714.07

SUMMARY:

CASH ON HAND	\$200.00
BANK OF THE WEST-PETTY CASH-2163	\$1,888.12
BOC-GLENWOOD - CHECKING	\$5,259,879.57
COLOTRUST PRIME	\$2,863,797.13
COLOTRUST PLUS	\$3,106,331.33
CSAFE-5601	\$3,156,694.18
PEAKS	\$67,840.24
INVESTMENTS	<u>\$13,562,083.50</u>

SUMMARY TOTAL AS OF:

03/31/19

\$28,018,714.07

Signature

Date

ROGER D. MAGGARD, TREASURER
COLORADO RIVER WATER
CONSERVATION DISTRICT

COLORADO RIVER WATER CONSERVATION DISTRICT

**TREASURER'S REPORT
ANALYSIS OF INVESTMENTS
ENTERPRISE FUND**

March 31, 2019

	BALANCE 2/28/2019	ADDITIONS (PURCHASED)	DELETIONS (MATURED)	BALANCE 3/31/2019
TREASURIES & DISCOUNT AGENCIES				
Wells Fargo #9497483V7	\$245,000.00		245,000.00	\$0.00
CCB Utah#20033ASX5	\$245,000.00			\$245,000.00
CapOne #14042ON22	\$245,000.00			\$245,000.00
CapOne #14042REAS	\$245,000.00			\$245,000.00
Discover #254672M39	\$245,000.00			\$245,000.00
Amer. Express #02587DM70	\$245,000.00			\$245,000.00
FFCB #3133EFD20	\$500,000.00			\$500,000.00
FHLB #3130A8NRO	\$500,000.00			\$500,000.00
FFCB #3133EFH59	\$500,000.00			\$500,000.00
FFCB #3133EGLFO	\$1,030,000.00			\$1,030,000.00
FNMA #3136G3CL7	\$500,000.00			\$500,000.00
FNMA #3136G3CF0	\$500,000.00			\$500,000.00
FFCB #3133EFF28	\$500,000.00			\$500,000.00
FHLMC #3134G8NK1	\$500,000.00			\$500,000.00
FHLMC Step #3134G8VZ9	\$1,000,000.00			\$1,000,000.00
FNMA #3136G3ZY4	\$999,000.00			\$999,000.00
USTreas #912828T67	\$988,080.00			\$988,080.00
FHLB #310A9PD7	\$500,000.00			\$500,000.00
FNMA #3134G9L70	\$500,000.00			\$500,000.00
FFCB #313EGTN5	\$1,000,000.00			\$1,000,000.00
Goldman Sachs #38148PJK4	\$245,000.00			\$245,000.00
Ally Bank #02006L2J1	\$245,000.00			\$245,000.00
Sallie Mae #795450A21	\$245,000.00			\$245,000.00
Amer. Express FSB #02587CEM8	\$245,000.00			\$245,000.00
Synchrony Bank #87165HRY8	\$135,003.50			\$135,003.50
First Bank Highland #319141JVO	\$110,000.00			\$110,000.00
CitiBank #17312QJ34	\$245,000.00			\$245,000.00
UBS Bank #90348JCW8	\$125,000.00			\$125,000.00
Morgan Stanley #61690UEH9	\$245,000.00			\$245,000.00
Morgan Stanley #61760AVS5	\$245,000.00			\$245,000.00
TIAA #87270BU6	\$245,000.00			\$245,000.00
Morton Community #619165HZ9	\$245,000.00			\$245,000.00
JP Morgan Chase	\$0.00	245,000.00		\$245,000.00
TOTAL INVESTMENTS	\$13,562,083.50	\$245,000.00	\$245,000.00	\$13,562,083.50

SUMMARY:

Additions	\$245,000.00
Deletions	245,000.00
NET INCREASE/(DECREASE)	\$0.00

COLORADO RIVER WATER CONSERVATION DISTRICT
TREASURER'S REPORT
ENTERPRISE FUND

April 30, 2019

CASH AND EQUIVALENTS AS OF:

3/31/19

CASH ON HAND	\$200.00	
BANK OF THE WEST-PETTY CASH-2163	\$1,888.12	
BOC-GLENWOOD - CHECKING	\$5,259,879.57	
COLOTRUST PRIME	\$2,863,797.13	
COLOTRUST PLUS	\$3,106,331.33	
CSAFE-5601	\$3,156,694.18	
CSAFE-5610	\$0.00	
PEAKS	\$67,840.24	
INVESTMENTS	\$13,562,083.50	
TOTAL		\$28,018,714.07

DEPOSITS:

CASH ON HAND	0.00	
BANK OF THE WEST-PETTY CASH-2163	0.00	
BOC-GLENWOOD - CHECKING	731,214.76	
COLOTRUST PRIME	5,488.57	
COLOTRUST PLUS	6,542.15	
CSAFE-5601	4,494.65	
CSAFE-5610	3,163,192.28	
PEAKS	37,675.41	
TOTAL		3,948,607.82

DISBURSEMENTS:

CASH ON HAND	0.00	
BANK OF THE WEST-PETTY CASH-2163	0.00	
BOC-GLENWOOD - CHECKING	189,865.56	
COLOTRUST PRIME	0.00	
COLOTRUST PLUS	0.00	
CSAFE-5601	3,161,188.83	
CSAFE-5610	0.00	
PEAKS	0.00	
TOTAL		3,351,054.39

INVESTMENTS:

NET INCREASE/(DECREASE)	0.00	
TOTAL		0.00

CASH AND EQUIVALENTS AS OF:

04/30/19

\$28,616,267.50

SUMMARY:

CASH ON HAND	\$200.00
BANK OF THE WEST-PETTY CASH-2163	\$1,888.12
BOC-GLENWOOD - CHECKING	\$5,801,228.77
COLOTRUST PRIME	\$2,869,285.70
COLOTRUST PLUS	\$3,112,873.48
CSAFE-5601	\$0.00
CSAFE-5610	\$3,163,192.28
PEAKS	\$105,515.65
INVESTMENTS	\$13,562,083.50

SUMMARY TOTAL AS OF:

04/30/19

\$28,616,267.50

Signature

ROGER D. MAGGARD, TREASURER
COLORADO RIVER WATER
CONSERVATION DISTRICT

Date

5/24/19

COLORADO RIVER WATER CONSERVATION DISTRICT

**TREASURER'S REPORT
ANALYSIS OF INVESTMENTS
ENTERPRISE FUND**

April 30, 2019

	BALANCE 3/31/2019	ADDITIONS (PURCHASED)	DELETIONS (MATURED)	BALANCE 4/30/2019
TREASURIES & DISCOUNT AGENCIES				
CCB Utah#20033ASX5	\$245,000.00			\$245,000.00
CapOne #14042ON22	\$245,000.00			\$245,000.00
CapOne #14042REA5	\$245,000.00			\$245,000.00
Discover #254672M39	\$245,000.00			\$245,000.00
Amer. Express #02587DM70	\$245,000.00			\$245,000.00
FFCB #3133EFD20	\$500,000.00			\$500,000.00
FHLB #3130A8NRO	\$500,000.00			\$500,000.00
FFCB #3133EFH59	\$500,000.00			\$500,000.00
FFCB #3133EGLFO	\$1,030,000.00			\$1,030,000.00
FNMA #3136G3CL7	\$500,000.00			\$500,000.00
FNMA #3136G3CF0	\$500,000.00			\$500,000.00
FFCB #3133EFF28	\$500,000.00			\$500,000.00
FHLMC #3134G8NK1	\$500,000.00			\$500,000.00
FHLMC Step #3134G8VZ9	\$1,000,000.00			\$1,000,000.00
FNMA #3136G3ZY4	\$999,000.00			\$999,000.00
USTreas #912828T67	\$988,080.00			\$988,080.00
FHLB #310A9PD7	\$500,000.00			\$500,000.00
FNMA #3134G9L70	\$500,000.00			\$500,000.00
FFCB #313EGTN5	\$1,000,000.00			\$1,000,000.00
Goldman Sachs #38148PJK4	\$245,000.00			\$245,000.00
Ally Bank #02006L2J1	\$245,000.00			\$245,000.00
Sallie Mae #795450A21	\$245,000.00			\$245,000.00
Amer. Express FSB #02587CEM8	\$245,000.00			\$245,000.00
Synchrony Bank #87165HRY8	\$135,003.50			\$135,003.50
First Bank Highland #319141JV0	\$110,000.00			\$110,000.00
CitiBank #17312QJ34	\$245,000.00			\$245,000.00
UBS Bank #90348JCW8	\$125,000.00			\$125,000.00
Morgan Stanley #61690UEH9	\$245,000.00			\$245,000.00
Morgan Stanley #61760AVS5	\$245,000.00			\$245,000.00
TIAA #87270BU6	\$245,000.00			\$245,000.00
Morton Community #619165HZ9	\$245,000.00			\$245,000.00
JP Morgan Chase	\$245,000.00			\$245,000.00
TOTAL INVESTMENTS	\$13,562,083.50	\$0.00	\$0.00	\$13,562,083.50

SUMMARY:

Additions	\$0.00
Deletions	<u>0.00</u>
NET INCREASE/(DECREASE)	<u>\$0.00</u>

Balance Sheet

Colorado River Water Conservation District

For 4/30/2019

Unaudited

	This Year	Last Year	Change
04 Enterprise Fund			
Assets			
04-00-1000.000 Cash Box	200.00	200.00	0.00
04-00-1001.000 Peaks - ENT	105,515.65	67,776.36	37,739.29
04-00-1002.000 Petty Cash	1,888.12	468.32	1,419.80
04-00-1003.000 Cash In Bank-BoC -Checking	5,801,228.77	3,173,647.08	2,627,581.69
04-00-1004.000 Alpine Bank	0.00	0.00	0.00
04-00-1009.000 Undeposited Fund	2,206.25	0.00	2,206.25
04-00-1010.000 Wells Fargo /Colotrust -0100	0.00	0.00	0.00
04-00-1011.000 CSAFE - 5603 - Elkhead Escrow	0.00	0.00	0.00
04-00-1012.000 Csafe-5601	3,163,192.28	3,092,524.25	70,668.03
04-00-1013.000 Aim-0045	0.00	0.00	0.00
04-00-1014.000 RESTRICTED CWCB/ELKHEAD PAYMENT	0.00	0.00	0.00
04-00-1015.000 Enterprise ColoTrust Prime	2,869,285.70	2,811,201.94	58,083.76
04-00-1016.000 Us Bank Money Market	0.00	0.00	0.00
04-00-1017.000 Enterprise ColoTrust Plus	3,112,873.48	3,040,138.71	72,734.77
04-00-1020.000 Investments-All	13,562,083.50	13,947,083.50	(385,000.00)
04-00-1021.000 Allowance For Investments+-	(343,002.94)	(279,875.21)	(63,127.73)
04-00-1022.000 Accum Amortization Investments	2,856.75	2,609.86	246.89
04-00-1023.000 Accrued Interest	193,569.34	278,928.05	(85,358.71)
04-00-1200.000 Accounts Receivable	393,258.83	252,020.41	141,238.42
04-00-1205.000 Housing Notes Receivable	105,163.07	108,673.99	(3,510.92)
04-00-1206.000 Deferred Revenue	(3,252.23)	(3,936.92)	684.69
04-00-1225.000 Allowance Housing Forgiveness	(49,642.66)	(52,007.66)	2,365.00
04-00-1300.000 Prepaid Expenses	0.00	0.00	0.00
04-00-1400.000 ST Invest In Sales-Type Lease	2,761,482.50	2,584,111.51	177,370.99
04-00-1401.000 LT Investment Sales-Type Lease	1,451,027.94	4,212,510.43	(2,761,482.49)
04-00-1500.000 Land	3,091,477.22	3,091,477.22	0.00
04-00-1501.000 Vehicles	237,079.86	237,079.86	0.00
04-00-1502.000 Dam Projects	65,480,581.78	64,844,634.23	635,947.55
04-00-1503.000 Recreation Area	1,151,704.49	1,080,882.27	70,822.22
04-00-1504.000 Equipment	181,383.34	82,566.34	98,817.00
04-00-1505.000 Reservoir Co Stock	2,589,382.67	2,527,344.30	62,038.37
04-00-1506.000 Computer Equipment	13,166.74	10,750.03	2,416.71
04-00-1507.000 Office Building	1,499,009.77	1,499,009.77	0.00
04-00-1508.000 Software/Upgrade	0.00	0.00	0.00
04-00-1509.000 Equipment/Tools	0.00	0.00	0.00
04-00-1510.000 GWS Office Building	0.00	0.00	0.00
04-00-1511.000 Water Treatment Plant	0.00	0.00	0.00
04-00-1520.000 Construction In Progress	0.00	0.00	0.00
04-00-1599.000 Assets in Fixed Assets Fund	0.00	0.00	0.00
04-00-1601.000 A/D-Vehicles	(181,271.71)	(159,667.13)	(21,604.58)
04-00-1602.000 A/D-Dam Project	(14,244,245.49)	(13,349,350.88)	(894,894.61)
04-00-1603.000 A/D-Recreation Area	(549,388.85)	(513,317.83)	(36,071.02)
04-00-1604.000 A/D-Furniture & Fixtures	(80,958.03)	(77,672.67)	(3,285.36)
04-00-1605.000 A/D-Office Equipment	(9,271.00)	(9,271.00)	0.00
04-00-1606.000 A/D-Computer Equipment	(9,832.07)	(9,073.07)	(759.00)
04-00-1607.000 A/D-Office Building	(307,702.17)	(264,823.01)	(42,879.16)
04-00-1608.000 A/D-Software/Upgrade	0.00	0.00	0.00
04-00-1609.000 A/D-Equipment/Tools	0.00	0.00	0.00
04-00-1610.000 A/D-GWS Office Building	(19,401.00)	(19,401.00)	0.00
04-00-1611.000 A/D-Water Treatment Plant	(13,724.12)	(13,724.12)	0.00
04-00-1620.000 Accumulated Depreciation	(921,910.26)	(921,910.26)	0.00
04-00-1700.000 Reservoir Company Stock	0.00	0.00	0.00
04-00-1800.000 Ruedi Reservoir CA03053 (5000 AF)	2,905,136.00	3,128,608.00	(223,472.00)
04-00-1801.000 Ruedi Reservoir CA00034 (500AF)	104,896.40	119,881.60	(14,985.20)
04-00-1802.000 Ruedi Reservoir CA00036 (700AF)	146,854.96	167,834.24	(20,979.28)
04-00-1803.000 Ruedi Reservoir CA02027 (530AF)	184,830.76	204,286.64	(19,455.88)
04-01-1990.000 Internal Balances	(645,845.17)	(377,742.95)	(268,102.22)
04-06-1501.001 WMP Vehicles	6.22	6.22	0.00
Total Assets	93,731,894.69	94,514,481.42	(782,586.73)
Liabilities and Net Assets			
04-00-2000.000 Accounts Payable	333,212.83	174,173.53	159,039.30
04-00-2001.000 Encumbrance Payable	0.00	0.00	0.00

Balance Sheet

Colorado River Water Conservation District

Unaudited

For 4/30/2019

	This Year	Last Year	Change
04-00-2005.000 Project Faciliation Passthrough	0.00	0.00	0.00
04-00-2011.000 FICA/Mdcr Payable	9,281.93	8,848.09	433.84
04-00-2019.000 RHS -Payable	0.00	0.00	0.00
04-00-2021.000 Accrued Vacation Payable	116,753.86	111,296.70	5,457.16
04-00-2101.000 Note/Contract Payable - Short Term	0.00	0.00	0.00
04-00-2110.000 Deferred Water Revenue	615,831.04	571,339.28	44,491.76
04-00-2120.000 Accrued Interest Payable	0.00	0.00	0.00
04-00-2201.000 N/P Cwcb - Wolford	0.00	0.00	0.00
04-00-2202.000 N/P CWCB - Elkhead	0.00	0.00	0.00
04-00-2203.000 Long Term Ruedi Contracts Payable	0.00	0.00	0.00
Total Liabilities	1,075,079.66	865,657.60	209,422.06
04-00-3000.000 EXTRAORDINARY MAINTENANCE	0.00	0.00	0.00
04-00-3010.000 Net Position	90,525,876.68	91,524,673.21	(998,796.53)
Change in Net Assets	2,130,938.35	2,124,150.61	6,787.74
Total Liabilities and Net Assets	93,731,894.69	94,514,481.42	(782,586.73)

FOR INTERNAL USE ONLY

Income Statement

Colorado River Water Conservation District

For 4/30/2019

Unaudited

Enterprise Fund	M-T-D Actual \$	Y-T-D Actual \$	Annual Budget \$	YTD % Budget
Revenues				
4110. Investment Interest	57,533.25	163,269.23	250,000.00	65.31
4120. Rent & Misc. Income	4,893.61	19,092.30	56,500.00	33.79
4130. Management Fee	569.26	569.26	15,000.00	3.80
4140. Other Fees & Rec Area	34.00	407.00	40,000.00	1.02
4150. Project Contribution (other)	0.00	0.00	0.00	0.00
4160. Grants	18,975.49	18,975.49	70,000.00	27.11
4200. Elkhead OM&R Reimbursements	0.00	129,055.17	104,475.00	123.53
4201. NEPA Cost Reimbursements	0.00	0.00	0.00	0.00
4300. Joint Venture Income	0.00	0.00	10,000.00	0.00
4301. Sale Of Capital Asset	0.00	0.00	0.00	0.00
4303. Sale Of Water	17,500.00	1,510,896.04	1,368,775.00	110.38
4304. Denver Water	0.00	1,500,000.00	3,000,000.00	50.00
4305. Water Application/Change	400.00	800.00	5,000.00	16.00
4306. Up-Front Sale Of Water	0.00	0.00	0.00	0.00
4307. Project Contributions	21,584.34	38,154.54	3,902,000.00	0.98
4308. Federal Contributions	0.00	0.00	0.00	0.00
Total Revenues	121,489.95	3,381,219.03	8,821,750.00	38.33
Expenses				
5000. Contingency Salaries	0.00	0.00	0.00	0.00
5001. Salaries	81,661.46	314,628.49	830,146.38	37.90
5004. Accrued Vacation Adjustment	0.00	0.00	15,000.00	0.00
5010. Accrued Vacation	0.00	0.00	0.00	0.00
5011. Fica/Medicare	5,891.82	22,656.52	59,238.71	38.25
5014. Unemployment	230.54	887.89	2,524.50	35.17
5016. Workers Compensation Insurance	0.00	8,204.14	12,274.26	66.84
5115. Disability Insurance	324.43	1,307.11	4,036.39	32.38
5118. Health Insurance	10,459.33	45,144.99	137,909.86	32.74
5120. Cafeteria Plan-Employer	0.00	0.00	0.00	0.00
5121. Cafeteria Plan-Administration	17.50	68.75	200.00	34.38
5122. Retirement - 457 Matching	1,115.31	4,201.40	6,800.00	61.79
5123. Retirement - Employer	8,182.93	31,099.47	81,659.00	38.08
5124. Retirement - Administration	0.00	312.50	1,250.00	25.00
5125. RHS- Employer Contribution	1,852.58	7,211.27	10,800.00	66.77
5211. Employee Housing	0.00	375.00	7,950.00	4.72
5212. Education Assistance	43.75	306.25	0.00	0.00
5220. Overhead-C	0.00	0.00	9,647.50	0.00
5310. Travel	3,987.00	13,115.47	50,908.00	25.76
5311. Registration	381.25	3,787.25	6,541.00	57.90
5312. Meeting Expense	501.89	1,488.84	7,850.00	18.97
5313. Travel Contingency	0.00	0.00	0.00	0.00
6000. Directors Fees	0.00	1,087.50	4,500.00	24.17
6001. Education/Professional Development	0.00	1,860.36	2,750.00	67.65
6012. Legal Notice	0.00	0.00	750.00	0.00
6013. Special Counsel	1,796.97	3,200.31	23,560.00	13.58
6014. Legal Engineering	582.20	985.44	36,060.00	2.73
6015. Legal Litigation / Adr	0.00	0.00	17,310.00	0.00
6016. Miscellaneous Legal/Materials	432.36	1,933.82	6,250.00	30.94
6017. Legal Contingency	0.00	0.00	3,750.00	0.00
6020. Washington Counsel/Lobbyist	375.00	1,500.00	4,500.00	33.33
6021. Colorado Lobbyist	666.66	1,833.32	5,833.00	31.43
6022. Education Assistance To Others	0.00	1,187.50	5,000.00	23.75
6023. External Affairs -C	0.00	0.00	750.00	0.00
6024. Education Programs	799.83	1,813.35	45,000.00	4.03
6025. Water Policy Survey	0.00	7,375.00	11,667.00	63.21
6026. Education Supplies	0.00	0.00	500.00	0.00
6102. Consultant	0.00	0.00	1,333.00	0.00
6103. Accounting Consultant	0.00	551.25	1,667.00	33.07
6104. Audit	0.00	0.00	9,000.00	0.00
6105. Investment/Banking Services	5.81	25.62	500.00	5.12
6110. Admin Services/Expenses-C	19.72	93.33	2,000.00	4.67
6150. Assessments	4,650.16	23,439.77	58,000.00	40.41
6200. Postage	(1.32)	55.33	1,200.00	4.61
6201. Office Supplies	202.73	843.49	3,500.00	24.10
6202. Telephone	788.74	3,077.32	9,750.00	31.56
6203. Printing	0.00	0.00	0.00	0.00
6204. Insurance	(138.05)	7,069.60	9,000.00	78.55

Income Statement
Colorado River Water Conservation District
For 4/30/2019

Unaudited

Enterprise Fund	M-T-D Actual \$	Y-T-D Actual \$	Annual Budget \$	YTD % Budget
6205. Records	11.25	33.75	400.00	8.44
6210. Lease Equipment	186.72	1,217.44	4,250.00	28.65
6211. Equipment Repairs	0.00	0.00	0.00	0.00
6301. Subscriptions	9.00	184.49	1,300.00	14.19
6302. Dues / Memberships	778.75	3,599.00	7,783.00	46.24
6310. Computer Licenses/Software & Services	950.93	6,093.93	15,000.00	40.63
6320. Small Office Equipment	0.00	0.00	150.00	0.00
6330. Utilities	1,019.79	7,905.30	30,000.00	26.35
6340. Vehicle Maintenance	1,005.17	3,907.96	20,000.00	19.54
6350. Roads/Buildings Maintences	0.00	0.00	0.00	0.00
6401. Cleaning/Janitorial	280.00	1,200.00	5,000.00	24.00
6402. Small Tools/Supplies	2,288.51	9,145.07	20,000.00	45.73
6403. Water System Operation	2,200.00	2,200.00	35,000.00	6.29
6410. Recreation Area O&M	282.75	1,401.39	100,000.00	1.40
6411. Dam/Project Maintenance	17,592.65	27,859.31	120,000.00	23.22
6412. Weed Control WMP	0.00	0.00	65,000.00	0.00
6413. Water Quality - In House	0.00	0.00	0.00	0.00
6414. USGS Gaging - Water Quality	18,226.31	18,226.31	79,130.78	23.03
6415. USGS Streamflow Gaging	5,551.26	5,551.26	24,594.34	22.57
6416. Dam & Reservoir OM&R Contingency	0.00	0.00	200,000.00	0.00
6417. RD Facilities OM&R	0.00	0.00	25,000.00	0.00
6418. Dam Deformation	0.00	10,556.75	100,000.00	10.56
6500. Bldg Construction/Remodel	2,849.28	6,525.97	12,250.00	53.27
6600. Bad Debt Expense	0.00	0.00	0.00	0.00
6602. Surveying & Mapping	0.00	0.00	0.00	0.00
6603. Archeology	0.00	0.00	0.00	0.00
6604. Water Marketing (Modeling)	0.00	0.00	0.00	0.00
6720. Equipment	135.98	135.98	1,000.00	13.60
7001. USGS Guaging	5,080.01	11,580.01	29,006.53	39.92
7002. Water Quality	0.00	457.00	400.00	114.25
7009. WMP Weather Station (CoAgMet)	0.00	0.00	2,000.00	0.00
7010. Vehicle & asset upgrades for WMP	0.00	0.00	5,000.00	0.00
7011. Watershed Management	53,073.52	66,095.40	227,000.00	29.12
7012. Ruedi Contract-(700) Capital	0.00	0.00	0.00	0.00
7013. Ruedi Contract-(5,000) O&M	0.00	17,650.00	12,000.00	147.08
7014. Ruedi Contract-(530) Capital	0.00	0.00	0.00	0.00
7015. Ruedi Contract-(500) O&M	0.00	1,765.00	1,200.00	147.08
7016. Ruedi Contract-(5,000) Capital	0.00	0.00	0.00	0.00
7017. Ruedi Contract-(530) O&M	0.00	1,870.90	1,200.00	155.91
7018. Ruedi Contract-(700) O&M	0.00	2,471.00	1,600.00	154.44
7020. Hydro Plant	0.00	0.00	0.00	0.00
7021. Old Dillon Reserv. Enlargement	0.00	0.00	0.00	0.00
7022. Elkhead Dam & Reservoir Op.	569.00	43,811.44	100,000.00	43.81
7023. Elkhead Net	0.00	0.00	0.00	0.00
7100. Projects	0.00	0.00	0.00	0.00
7101. River Mou	0.00	0.00	0.00	0.00
7102. 15-Mile Reach/Recovery Program	0.00	0.00	20,000.00	0.00
7103. Vail Ditch	0.00	6,700.00	10,000.00	67.00
7104. WR & Project Development	0.00	1,530.81	2,000.00	76.54
7105. Op. Wetland & Other Mitigation	0.00	0.00	25,000.00	0.00
7106. Mitigation Maintenance	4,160.00	4,160.00	30,000.00	13.87
7107. Mitigation Contingency	0.00	0.00	10,000.00	0.00
7110. River Projects Contingency	0.00	10,000.00	10,000.00	100.00
7120. Elkhead Ops Contingency	0.00	0.00	0.00	0.00
7200. Ruedi 15 MR PBO Compliance	0.00	26,166.13	20,000.00	130.83
7201. Fisheries/Stocking	0.00	0.00	0.00	0.00
7202. Elkhead Fish Screen	0.00	0.00	5,000.00	0.00
7203. Annual Assessment	1,186.86	18,490.00	25,500.00	72.51
7204. Special Assessment	0.00	0.00	0.00	0.00
7500. Cooperative Management	19,249.68	26,448.84	200,000.00	13.22
7510. RCPP	165,264.97	332,064.11	3,750,000.00	8.86
7600. Technical Study - Risk Management	22,815.48	60,548.48	75,000.00	80.73
8000. Principal - CWCB (Elkhead)	0.00	0.00	0.00	0.00
8001. Interest - CWCB (Elkhead)	0.00	0.00	0.00	0.00
8002. Amortization Expense	0.00	0.00	0.00	0.00
9000. Acquisition	0.00	0.00	0.00	0.00
9010. Depreciation	0.00	0.00	1,000,000.00	0.00
9020. Gain/Loss Of Disposal	0.00	0.00	0.00	0.00
Total Expenses	449,598.47	1,250,280.68	7,936,630.25	15.75

Income Statement
Colorado River Water Conservation District
For 4/30/2019

Unaudited

Page: 3

Enterprise Fund	M-T-D	Y-T-D	Annual	YTD %
	Actual \$	Actual \$	Budget \$	Budget
Excess Revenue Over (Under) Expenditures	<u>(328,108.52)</u>	<u>2,130,938.35</u>	<u>885,119.75</u>	<u>240.75</u>

Colorado River Water Conservation District

Check Register from 3/01/2019 to 4/30/2019

2 ENT - BOC

Check/EFT	Date	Vendor / Description	Check / Payment
0996491	3/06/2019	[CRAIG] CITY OF CRAIG	26,121.44
0996492	3/06/2019	[PARKS] COLORADO STATE PARKS	15,000.00
0996493	3/06/2019	[GRANDP] GRAND POWER	5,890.00
0996494	3/06/2019	[GVWUA] GRAND VALLEY WATER USERS ASSOC.	5,000.00
0996495	3/06/2019	[JUB] JUB ENGINEERS, INC.	12,077.71
0996496	3/06/2019	[LANDMARK] LANDMARK CONSULTING	1,907.50
0996497	3/06/2019	[NRS] NATURAL RESOURCE SOLUTIONS, LLC	510.08
0996498	3/06/2019	[NWSPLY] NORTHWEST RANCH SUPPLY	502.26
0996499	3/06/2019	[PARTS] PARTS CITY AUTO KREMMLING	20.98
0996500	3/06/2019	[TWORIV] TWO RIVERS PARK PLAZA OFFICE CONDO ASSOC	2,918.27
0996501	3/06/2019	[WWC] WESTERN WEATHER CONSULTANTS, LLC	672.00
0996502	3/06/2019	[YVEA] YAMPA VALLEY ELECTRIC ASSOC., INC.	709.00
0996503	3/13/2019	[BOSTWICK] BOSTWICK PARK WATER CONSERVANCY DISTRICT	54,843.44
0996504	3/13/2019	[BUCKEYE] BUCKEYE WELDING SUPPLY CO., INC	26.00
0996505	3/13/2019	[MTNPKS] MOUNTAIN PARKS ELECTRIC	868.98
0996506	3/13/2019	[RIGNET] RIGNET	51.80
0996507	3/13/2019	[WASTEMGT] WASTE MANAGEMENT-HOT SULPHUR	147.04
0996508	3/19/2019	[CSUTIL] COLORADO SPRINGS UTILITIES	6,789.99
0996509	3/19/2019	[HYDROS] HYDROS CONSULTING INC.	10,764.70
0996510	3/19/2019	[IPC] INDEPENDENT PROPANE COMPANY	934.03
0996511	3/19/2019	[KLEENW] KLEEN AS A WHISTLE	280.00
0996512	3/19/2019	[DEFELICET] TOM DEFELICE	1,927.96
0996513	3/27/2019	[APPLEGATE] APPLGATE GROUP, INC.	1,862.50
0996514	3/27/2019	[GRANDINT] GRAND COUNTY INTERNET SERVICES INC.	40.00
0996515	3/27/2019	[RUEDI WPA] RUEDI WATER & POWER AUTHORITY	10,000.00
0996516	4/03/2019	[TWORIV] TWO RIVERS PARK PLAZA OFFICE CONDO ASSOC	2,918.27
0996517	4/03/2019	[GCWIN] GRAND COUNTY WATER INFORMATION NETWORK	457.00
0996518	4/03/2019	[NWSPLY] NORTHWEST RANCH SUPPLY	58.37
0996519	4/03/2019	[RUNDLE] RUNDLE CONSTRUCTION	152,177.58
0996520	4/03/2019	[YVEA] YAMPA VALLEY ELECTRIC ASSOC., INC.	616.00
0996521	4/10/2019	[APPLEGATE] APPLGATE GROUP, INC.	3,888.75
0996522	4/10/2019	[BUCKEYE] BUCKEYE WELDING SUPPLY CO., INC	26.00
0996523	4/10/2019	[HYDROS] HYDROS CONSULTING INC.	20,353.20
0996524	4/10/2019	[KTOWN] K-TOWN CARQUEST	307.21
0996525	4/10/2019	[KLEENW] KLEEN AS A WHISTLE	280.00
0996526	4/10/2019	[SGM] SCHMUESER, GORDON, MEYER, INC.	1,070.00
0996527	4/10/2019	[TRIPLEV] TRIPLE V DESIGNS	282.75
0996528	4/10/2019	[WASTEMGT] WASTE MANAGEMENT-HOT SULPHUR	147.27
0996529	4/17/2019	[CSUTIL] COLORADO SPRINGS UTILITIES	1,465.96
0996530	4/17/2019	[IPC] INDEPENDENT PROPANE COMPANY	1,317.00
0996531	4/17/2019	[MTNPKS] MOUNTAIN PARKS ELECTRIC	666.65
0996532	4/17/2019	[RENEGADE] RENEGADE OFF ROAD LLC	102.44
0996533	4/17/2019	[RMSCOTT] RM SCOTT & ASSOCIATES, LLC	3,185.00
0996534	4/24/2019	[GRANDINT] GRAND COUNTY INTERNET SERVICES INC.	40.00
0996535	4/24/2019	[NRS] NATURAL RESOURCE SOLUTIONS, LLC	310.22
EFT0242045	3/13/2019	[VERIZON] VERIZON WIRELESS	39.02
EFT0242045	4/12/2019	[VERIZON] VERIZON WIRELESS	39.02
EFT1430999	3/12/2019	[CENLINK] CENTURYLINK	153.99

Colorado River Water Conservation District

Check Register from 3/01/2019 to 4/30/2019

2 ENT - BOC

Check/EFT	Date	Vendor / Description	Check / Payment
EFT1431434	4/09/2019	[CENLINK] CENTURYLINK	156.87
Total Checks:			349,924.25



**ATTORNEY REPORT
JOINT QUARTERLY MEETING
GENERAL and ENTERPRISE
July 2019**

TO: CRWCD BOARD OF DIRECTORS

FROM: PETER C. FLEMING, GENERAL COUNSEL
JASON V. TURNER, SENIOR COUNSEL

Dear Directors:

This report identifies matters for discussion at the July 16-17, 2019, joint quarterly meeting of the River District and its Enterprise. A separate Confidential Report addresses confidential matters. The information in this report is current as of July 3, 2019, and will be supplemented as necessary before or at the Board meeting.

I. EXECUTIVE SESSION.

The following is a list of matters that qualify for discussion in executive session pursuant to C.R.S. §§ 24-6-402(4)(b) and (e).

- A. Colorado River Cooperative Agreement Implementation Matters.
- B. Petition to Adjudicate the Green Mountain Reservoir Administrative Protocol, Blue River Decree Consolidated Cases, and Case No. 13CW3077, Water Division 5.
- C. Colorado River District and Town of Gypsum's Application for Finding of Reasonable Diligence for Wolcott Reservoir, Case No. 18CW3160, Water Division 5.
- D. Colorado River District Conditional Water Rights. (General and Enterprise Matters).
- E. Application of City of Glenwood Springs for Recreational In-Channel Diversion Water Right, Case No. 13CW3109, Water Division 5.
- F. C.R.S 37-92-102(3)(b) – Instream Flow Rights and Pre-Existing Uses.
- G. Wolford Mountain Reservoir Conveyance of Interest to Denver Water. (An Enterprise Matter).

- H. Colorado River Compact, Intra-State, Interstate, and International Negotiation Matters, including Demand Management.

II. GENERAL MATTERS.

A. Waters of the United States Proposed Rule.

Update only. Strategic Initiatives: 9A (support wise use of Colorado's waters) and 10A (protect against regulatory concerns).

We previously reported on the numerous lawsuits that have been filed challenging the 2015 Waters of the United States ("WOTUS") Rule promulgated by the EPA and Army Corps of Engineers during the Obama administration. A significant amount of the early litigation focused on which court should hear the challenges to the rule.

The District Courts for the Southern District of Georgia and the Northern District of West Virginia ruled that the applicable federal court of appeals should have original jurisdiction, and therefore dismissed the respective lawsuits pending before them. In contrast, the district court for the District of North Dakota ruled that jurisdiction was proper before it, and then granted the preliminary injunction requested by the plaintiff states (including Colorado) in that lawsuit. The EPA and Corps subsequently stated they interpret that injunction to apply only within the states that are a party to the North Dakota litigation. Thus, the WOTUS rule was not effective in Colorado, North Dakota, Alaska, Arizona, Arkansas, Idaho, Missouri, Montana, Nebraska, Nevada, South Dakota, Wyoming, and New Mexico. Shortly after these rulings, the Sixth Circuit Court of Appeals issued an order prohibiting implementation of the 2015 WOTUS Rule nationwide. However, in January of 2018, the United States Supreme Court held that appeals of the WOTUS Rule belong in the federal district courts, thus vacating the Sixth Circuit's nationwide stay of the rule.

As noted above, Colorado was a plaintiff in the North Dakota litigation and one of the states in which a stay of the 2015 WOTUS Rule was in place. Earlier this year, the Colorado Attorney General's Office filed a motion to dismiss Colorado from the North Dakota litigation. Colorado's motion to dismiss was granted and the North Dakota Court specifically ordered that the preliminary injunction was lifted as to the State of Colorado, which means that the 2015 Rule is now applicable in Colorado. It is our understanding that the U.S. Army Corps of Engineers are currently not issuing jurisdictional determinations or 404 permits that rely on those jurisdictional determinations in Colorado until the Corps has obtained clear direction from the Department of Justice.

We will continue to update the Board periodically on the 2015 WOTUS Rule as well as the 2019 WOTUS Rule proposed by the Trump administration.

B. Save the Colorado, *et al.* v. United States, Civil Action No. 17-cv-2563, Federal District Court, District of Colorado (re: Windy Gap Firing Project).

Update only. Strategic Initiatives: 5C (transmountain diversion policy).

We reported previously that a number of environmental organizations (Save the Colorado, Save the Poudre, WildEarth Guardians, Living Rivers, and Waterkeeper Alliance) sued the U.S. Bureau of Reclamation and Army Corps of Engineers, challenging the sufficiency of Reclamation's NEPA analysis of the Windy Gap Firing Project ("WGFP"), and the Corps' analysis of the need for the WGFP. The project proponent, the Municipal Subdistrict of the Northern Colorado Water Conservancy District, has intervened in the lawsuit, as has the State of Colorado and the City of Broomfield, a participant in the project.

The River District is a party to the WGFP IGA. The IGA provides a number of significant benefits to the West Slope. Many of those benefits are contingent on successful completion of the WGFP. Thus, the River District and its constituents have substantial interests at stake in the lawsuit, including significant benefits to the Colorado River for environmental and recreational purposes. You previously authorized the filing of an *amicus curiae* brief in support of the United States and the Municipal Subdistrict. We have been in contact with the Subdistrict and plan to file an *amicus curiae* brief with Grand County and Northwest Colorado Council of Governments this month in support of the United States and the Municipal Subdistrict.

C. State Engineer's Office Internal Guidance Document on Waste.

Update only. Strategic Initiatives: 6D (protect agricultural water rights).

We previously discussed the State Engineer's draft internal guidance document regarding "waste" in the context of water rights and water rights administration. To the credit of the State and Division 6 Engineer, they provided the River District and certain water users with a draft of the proposed document and held a meeting in Steamboat to discuss the draft. Water users expressed a number of concerns about the draft document. We have submitted extensive proposed revisions to the document. Please let us know if you would like a copy of the document with our proposed revisions. We will inform the Board about next steps when we hear back from the State.

D. General Counsel's Goals and Objectives Mid-Year Review.

Update only. Board input welcome. Strategic Initiatives are identified on individual goals and objectives.

Consistent with past custom, a list of General Counsel's Goals and Objectives for 2019, is set forth below as a mid-year status check, with update notes where appropriate and where not otherwise updated in this memo or counsel's confidential memo.

1. Continue Implementation of the Colorado River Cooperative Agreement (CRCA). Strategic Initiatives: 5A (Shoshone Permanency), 5C (River District's TMD policy), and 7D (alternative funding for water infrastructure).

- a. Work toward successful adjudication of the Green Mountain Reservoir Administrative Protocol.

- b. Help to secure Denver's ability to reuse return flow from its Moffat Collection System in a manner consistent with the CRCA.
- c. Provide leadership on the West Slope investigation contemplated by the CRCA to fully explore all methods to preserve the Shoshone Call Flows.
- d. Convene and implement the West Slope Fund Management Committee to manage the investments and disbursement criteria for income to the West Slope Fund. *The West Slope Fund Management Committee met by telephone this spring. The management committee delegated the authority to the River District to adopt an investment policy that is effectively identical to the River District's own investment policy. We expect the West Slope Fund to grow at a minimum annual average of at least \$200,000. (The annual amount of revenue to the fund could vary substantially by year).*

We are actively engaged in all of these matters on an ongoing basis.

2. Work to ensure satisfactory implementation of actions contemplated by the Windy Gap Firing Project IGA. Strategic Initiatives: 5C (River District's TMD policy), 8E (consistent with IBCC Conceptual Framework), 9A (wise and efficient use of Colorado's water resources).

- a. Work with Northern Water's Municipal Subdistrict to amend the Windy Gap Water Rights to incorporate the terms of the IGA. *Final resolution of this case is on hold, pending the Subdistrict's negotiations and potential condemnation of the Schmuck Trust property below Windy Gap Reservoir.*
- b. Work with all stakeholders to secure funding and authorizations necessary to implement the Windy Gap Connectivity Channel in a manner that protects overall West Slope interests and is consistent with applicable law. *We are active participants in the Windy Gap Connectivity Channel group. A funding shortfall for the project still exists but we remain optimistic that this project will be funded and completed.*
- c. Support permits for the Windy Gap Firing Project as necessary to protect the West Slope's interests in the WGFP IGA. *See update report at II.B., above.*

3. Assist staff on development of a strategic water rights development plan. Strategic Initiatives: 2A (outreach to assist constituents in consumptive and non-consumptive water needs), 3A (increase local storage), 4A (full use for benefit of River District's inhabitants without overdevelopment), and 7B (use of River District's conditional rights to meet identified needs).

- a. Advise River District staff and Board on legal strategy regarding development of River District's conditional water rights. *We have several diligence cases pending and several conditional rights for which applications for findings of reasonable diligence will soon be due.*

- b. Assist staff's refinement of strategic plan on development of conditional water rights. *We have implemented a more robust internal reminder and review system so that River District staff, counsel, and Board has a more frequent and longer period of review of conditional water rights prior to upcoming diligence filing deadlines.*
4. Advise staff and Board on legal matters related to WOLFORD DAM Embankment issues by proactively addressing risk management and consultant contract matters. Strategic Initiatives: 13A and B (asset management). *See confidential report.*
5. Advise staff and Board on legal matters related to the upcoming transfer of forty-percent interest in WOLFORD Mountain Reservoir and RITSCHARD Dam to DENVER WATER by helping the Board and staff prepare for the orderly transfer of an ownership interest to DENVER WATER and proactively assisting staff to plan for a collaborative future ownership relationship with DENVER. Strategic Initiatives: 12A (financial stability) and 13 (asset management). *See confidential report.*
6. Work with River District technical and external affairs staff to increase overall River District presence and outreach in Water Divisions 4 and 6 by participating in meetings in those locations and assisting River District constituents on matters such as re-authorization of the 1975 Taylor Park Reservoir Exchange Agreement, UVWUA discussions concerning demand management, RBWCD discussions concerning the proposed Wolf Creek Reservoir, White River Basin discussions on current water matters, and Division 6 water administrative issues. Strategic Initiatives: 1C (inform community leaders on water matters), 1E (outreach), 2A (assist constituents in water), 2B (partnerships with local constituents). *These efforts are ongoing. In particular, we are actively working with the parties to the 1975 Taylor Park Agreement about potential changes to the stipulated decree in Case No. 11CW31, Water Division 4, and have provided periodic input and assistance to the RBWCD regarding its Wolf Creek Reservoir conditional water right. In addition, we anticipate that we and/or other River District staff will become more involved in development of the White River Programmatic Biological Opinion.*
7. Advise the River District Board, and work closely with River District staff and other entities on matters related the System Conservation Pilot Programs, Colorado River Basin Study "Next Steps", the conceptual Colorado River Water Bank, and implementation of the State Water Plan. In particular, maintain and protect the River District's positions regarding the development and implementation of a possible Colorado River basin demand management program. Strategic Initiatives: 3 (hydrologic uncertainty), 4 (Colorado River supplies), 5 (TMDs), 6 (agricultural water use).
 - a. Expand knowledge, participation, and advice to the Board on interstate compact matters and other matters related to interstate Colorado River negotiations.
 - b. Related to these items, advise the River District on the potential scope and extent of State Engineer rules and regulations related to the 1922 and 1948 Colorado River Compacts.

- c. Protect the West Slope's interests by helping the River District proceed with caution on matters related to demand management as it impacts West Slope agriculture.

As expected, Demand Management and related compact matters have commanded significant time and attention.

8. Assist River District technical staff and advise the Board on negotiations related to implementation of the Eagle River MOU. Strategic Initiatives: 4A (full use without risk of overdevelopment), 5 (TMDs), 7 (project development), and 9 (wise and efficient use of water). *While we continue to participate in the Eagle River MOU discussions, the negotiations have tapered off a bit from last year.*

9. Provide leadership and assist River District staff on implementation of RCPP Grants, including the Gunnison Basin Projects. Strategic Initiatives: 2 (outreach), 3D (cost-effective water efficiency), 7D (aging infrastructure), 9A (efficient water use), 10B (water quality). *This is an ongoing matter. Jason has done a great job of pushing through the complicated contracting process for the Gunnison Basin Project.*

The above list should not necessarily be interpreted as a "priority" list for legal staff. There are numerous ongoing tasks and activities that command legal staff's time on an ongoing basis. Often, those items (such as the day-to-day litigation of water court cases, assisting staff on legislative matters, etc.) require substantial attention from legal staff. In addition, it should be anticipated that the goals and objectives may change throughout the year as priorities shift due to unforeseen circumstances or actions by others. Finally, it is possible that in some cases, General Counsel's goals and objectives should be discussed with the Board in executive session if necessary to protect the confidentiality of attorney-client communications and matters subject to negotiation.

III. RIVER DISTRICT WATER MATTERS.

A. Colorado River Cooperative Agreement – Implementation Issues.

Update only. Strategic Initiatives: 5A (Shoshone permanency), 5C (transmountain diversions), and 9A (wise and efficient water use).

We continue to work with other West Slope interests and Denver Water in implementation of several items related to the CRCA. The River District hosted a CRCA "Check-In" meeting with the other West Slope CRCA signatories and Denver Water on June 28th. The meeting was well attended and a number of important issues were discussed, including Denver's efforts to meet the reuse obligations set forth in Article II of the CRCA.

1. 1940 Consolidated Ditches Agreement.

In April, we verbally informed the Board that Denver ceased negotiations with all of the various entities (including the West Slope parties) regarding the proposed termination of the 1940 Consolidated Ditches Agreement. That agreement prohibits Denver from reusing its otherwise

reusable return flows from its pre-1940 sources of water (primarily, its Moffat Collection System rights (including Williams Fork Reservoir) located in Grand County). We expressed our disappointment but informed Denver that the West Slope remains willing and interested in assisting Denver's efforts to secure the right to reuse the return flow from its Moffat Collection System.

On a closely-related matter, we are pleased to report that, on July 1st, the Colorado Supreme Court ruled in favor of Denver (and our amicus brief) when it recently issued its long-awaited opinion in the "Williams Fork to Dillon Exchange" case (*Denver v. Consolidated Ditches, et al.*, 16SA291, July 1, 2019). The issue in this case is whether Denver can reuse water stored in its 1955-priority Dillon Reservoir by exchange using its 1937-priority Williams Fork Reservoir as the source of replacement supply, or whether such exchanged water is subject to the reuse prohibition set forth in the 1940 Consolidated Ditches Agreement.

Consolidated Ditches argued in the case that water stored in Dillon by exchange using Denver's pre-1940 Williams Fork Reservoir as the replacement supply is subject to the 1940 agreement and cannot be reused by Denver. Consolidated Ditches' argument was based on the so-called "character of exchange rule." That "rule" stands for the premise that water diverted by exchange takes on all of the legal characteristics of the replacement supply – including, in this case, the reuse prohibition on Denver's pre-1940 water rights.

At the Board's direction, we filed an amicus brief with the Colorado Supreme Court in support of Denver's position that water stored by exchange in Dillon Reservoir is not subject to the 1940 Consolidated Agreement. In particular, we argued that the "character of exchange rule" is a misnomer because it is not a rule at all, as it has never been codified in statute or applied consistently by the courts.

The Court held that, at the time Denver entered the 1940 Agreement, Denver could not import water through the Roberts Tunnel by exchange or otherwise because the water rights had not yet been appropriated and the Roberts Tunnel did not exist in 1940. Denver Water's ability to divert water from the Blue River by exchange or substitution using Williams Fork Reservoir water as a source of substitute supply was adjudicated in 1955, and the exchange is administered under a 1946 appropriation. Thus, the return flows from the substitution and exchange are not subject to the 1940 Agreement and Denver may reuse those return flows. On average, the ruling preserves Denver's ability to reuse more than 2,500 acre feet of Blue River water per year.

Additionally, consistent with our amicus brief, the Court held that the "character of exchange rule" was not a rule but a "concept" that has emerged but does not appear in statute nor has it expressly been applied in case law or defined in its scope by the Court. Accordingly, the Court declined to "adopt a mandatory character of exchange 'rule' that applies rigidly to all exchange operations", holding, whatever the scope of its applicability is in other circumstances it was unnecessary in the current case to ensure that the purpose of the 1940 Agreement was fulfilled.

2. Update on Denver's Moffat System Project.

Significant CRCA benefits accrue to the West Slope when Denver accepts final permits for its Moffat System Project (*i.e.*, Gross Reservoir Enlargement), and also when the project is

substantially completed. We therefore will continue to monitor *Save the Colorado, et al. v. United States*, Civil Action No. 18CV3258, Federal District Court, District of Colorado. In that lawsuit, Save the Colorado alleges that the U.S. Fish and Wildlife Service and Army Corps of Engineers violated the Endangered Species Act (ESA) and NEPA when issuing permits for Denver's Gross Reservoir Enlargement. Denver has intervened as a defendant in the case. The federal agencies' administrative record in the case was filed at the end of June which should trigger deadlines for briefing dispositive motions.

In another case related to the Gross Reservoir Enlargement, Denver Water has sued Boulder County (*Denver Water v. Boulder County*, Case No. 19CV030350, District Court, Boulder County), alleging that the Gross Reservoir Enlargement project is exempt from regulation under Boulder County's 1041 regulations. In April, we speculated that Denver's then-anticipated claim would be that Boulder's 1041 authority does not apply to the Gross Reservoir Enlargement Project because the County's local regulations are preempted by the federal overlay of FERC's permitting authority for the Gross Enlargement Project. However, Denver's recently-filed complaint against Boulder County does not raise the FERC preemption argument (presumably because FERC has not yet issued a final permit for the Gross Enlargement Project, which is anticipated by the end of 2019).

Instead, Denver's current lawsuit against Boulder County alleges that a 1041 permit is not necessary for enlargement of Gross Reservoir Dam because the enlargement is exempt under the so-called "zoned land exemption." The 1041 permitting law provides that any development or activity on land which as of the 1041 Act's effective date (May 17, 1974) "has been zoned by the appropriate local government for the use contemplated by such development or activity" does not require a 1041 permit. *See*, C.R.S. §24-65.1-107(1)(c)(II). Denver asserts that because, prior to the 1974 effective date of the 1041 law, Gross Reservoir was located within the County's zoned flood regulatory area, where "utility facilities such as dams... shall be permitted", the Gross Reservoir Enlargement Project does not require a 1041 permit. Denver also argues that, because the underlying zoning category, Forestry District, did not prohibit dams in 1974, the enlargement is exempt from 1041 authority. Boulder County has filed a motion to dismiss Denver's complaint and briefing by the parties on that motion has been completed but no ruling has yet been issued. We will continue to update the Board on this case. Counties that have adopted 1041 regulations may be particularly interested in the outcome of this case with respect to their 1041 permit authority on other matters.

3. We continue to work on other CRCA implementation items, including evaluation of efforts to best preserve the Shoshone Call Flows, and West Slope Fund items.

The Board may wish to discuss these issues and other CRCA Implementation matters in executive session.

B. Green Mountain Reservoir Operations and Administrative Protocol.

Update only. Strategic Initiatives: 5.C (transmountain diversions) and 7 (River District constituents' water needs).

We previously reported on efforts to get final adjudication of the Green Mountain Reservoir Administrative Protocol back on track. We have worked cooperatively with Denver Water and other parties in this regard but the parties have had difficulty in getting the United States committed to a specific strategy. The parties' latest efforts have focused on a potential revised version of the GMR Administrative Protocol Agreement in order to address the problems raised by the Federal Court's likely reluctance to accept jurisdiction in approving the GMR Administrative Protocol. The parties propose to change only the Agreement that establishes the method for adjudicating the Protocol; we do not propose to change the Protocol itself.

This matter is discussed in the Confidential Report. The Board may wish to discuss it in executive session.

We also reported on our concerns about the way Reclamation accounted for C-BT Project replacement obligations during the 2018 fill season. We joined Denver Water and Colorado Springs Utilities in a joint letter to Reclamation expressing our concerns. We requested that Reclamation properly administer the project to pro-rate bypass and release requirements in accordance with the respective depletions of the West Slope and Front Range beneficiaries of the C-BT. A copy of the joint letter is included as Attachment A to this memo.

C. Colorado River District and Town of Gypsum's Application for Finding of Reasonable Diligence, Case No. 18CW3160, Water Division 5 (Wolcott Reservoir Project).

We may seek Board direction after discussion in Executive Session. Strategic Initiatives: Strategic Initiatives: 4 (Colorado River supplies) and 7.B. (River District conditional water rights).

Consistent with the Board's direction and in consultation with our co-applicant, the Town of Gypsum, we filed an application seeking a finding of reasonable diligence for the Wolcott Project. We received the Report of the Division Engineer and Summary of Consultation requesting additional information and clarification of the application.

This matter is discussed in the Confidential Report. We request that the Board discuss this matter in executive session.

D. Colorado River District Conditional Water Rights (General and Enterprise Matters).

We may request Board action after discussion in Executive Session. Strategic Initiatives: 4.A. (Colorado River supplies) and 7.B. (River District conditional water rights).

1. River District Conditional Water Rights for the Fraser Valley Project.

An application for finding of reasonable diligence is due in December 2019 for the following River District conditional water rights: Fraser Feeder Canal (150 c.f.s.), Fraser Pumping Plant and Pipeline (35 c.f.s.), and Ranch Creek Reservoir (20,000 a.f.). In 2013, the River District entered into a memorandum of understanding with Grand County and the Middle Park Water

Conservancy District for the joint development of these conditional water rights for the benefit of the Fraser River basin.

2. River District Conditional Water Rights for Elkhead Reservoir Enlargement (*an Enterprise Matter*).

In 2013, the River District demonstrated reasonable diligence and made absolute 11,957 a.f. of the Elkhead Reservoir Enlargement water right as well as 1,000 a.f. of the reservoir refill right. An application for finding of reasonable diligence is due on the remaining conditional portion of the enlargement water right (1,043 a.f.) and all of the hydropower right (200 c.f.s.) in September of 2019.

3. River District and Eagle River Entities' Piney River Conditional Water Right.

The River District, the Eagle River Water and Sanitation District, and the Upper Eagle Regional Water Authority acquired the Piney River water right from Denver Water as part of a large settlement package reached in 2007. The 170 c.f.s. water right was originally decreed as part of Denver's proposed "Eagle-Piney" expansion of its Roberts Tunnel transmountain diversion project. Most of Denver's conditional rights at issue at the time were abandoned in the settlement. However, pursuant to the settlement, Denver conveyed the Piney River right to the River District and the Eagle River entities as a possible source of water for a potential joint use project with Denver.

The settlement agreement provides that the River District and Eagle River entities may change the point of diversion for the Piney River right from the Piney River to a diversion point on the Colorado River. In addition, the settlement agreement states that if the River District, Eagle River entities and Denver Water have not reached agreement on a joint use project by November 1, 2019, the right will be abandoned. At the request of the Water Referee, and as consented to by the River District and Eagle River entities, the decree entered by the Water Court in the most recent diligence case for the Piney River right (Case No. 13CW3079) contains a term that the conditional water right will be cancelled if the change of water right has not been filed by November 30, 2021.

Failure to file timely diligence applications for the above rights will result in cancellation of the conditional water rights.

These matters are discussed in the Confidential Report. We request that the Board discuss these matters in executive session.

E. Application of the City of Glenwood Springs for Recreational In-Channel Diversion, Case No. 13CW3109, Water Division 5.

We will request Board action after discussion in Executive Session. Strategic Initiative: 7.A (consumptive and non-consumptive water needs).

Previously the Board approved a draft stipulation and proposed consent decree in this case but directed that the River District not finalize its opposition until Glenwood Springs achieves final agreements with all of the remaining parties. We have had a number of recent discussions with

Glenwood Springs and the remaining parties which likely will necessitate changes to the proposed consent decree that the Board previously authorized.

This matter is discussed in the Confidential Report. We request that the Board discuss this matter in executive session.

F. C.R.S. § 39-92-102(3)(b)—Instream Flow and Protection of Pre-existing Uses.

Update only. Strategic Initiative: 2.A (basin outreach), 6.D (agricultural water use).

We recently met with representatives of the State Engineer’s Office (“SEO”), the Colorado Water Conservation Board (“CWCB”), and the Attorney General’s Office (“AG”) to discuss Section 102(3)(b) protection for pre-existing uses. The state acknowledges that instream flow rights are subject to pre-existing uses but argues that the existing statutory scheme does not provide the SEO with the authority to determine whether a use pre-exists on instream flows. Absent that statutory authority, the AG maintains that a pre-existing use must be expressly recognized in a water court decree in order to take advantage of the benefits of Section 102(3)(b).

This matter is discussed in the Confidential Report. We recommend that the Board discuss this matter in executive session.

G. WOLFORD MOUNTAIN RESERVOIR – DENVER WATER LEASE AGREEMENT. (An Enterprise Matter).

Update only. Strategic Initiatives: 12 (Financial Sustainability) and 13 (Asset Management).

As previously reported, River District technical and legal staff have been holding periodic discussions with Denver Water regarding the upcoming termination of Denver Water’s lease of 15,000 acre feet at Wolford Mountain Reservoir. Following the lease termination, the River District will be required to convey to Denver a 40% ownership interest in the reservoir.

This matter is discussed in the Confidential Report. The Board may wish to discuss this matter in executive session.

H. COLORADO RIVER COMPACT, INTRA-STATE, INTERSTATE, AND INTERNATIONAL NEGOTIATION MATTERS, INCLUDING DEMAND MANAGEMENT.

Updates only. Strategic Initiatives: 4 (Colorado River Water Supplies), 6 (Agricultural Water Use), and 8 (Colorado Water Plan – compact risk and conceptual framework).

1. Lake Powell Pipeline.

We are monitoring a lawsuit (Living Rivers, *et al.* v. United States Bureau of Reclamation, Civil Action No. 17-cv-789, (D.C. District Court) brought by a group of environmental organizations against the Bureau of Reclamation for failing to properly follow NEPA when approving the State of Utah’s “Green River Block Exchange” contract. The Green River contract

is necessary for Utah to secure a water supply from Lake Powell for its proposed Lake Powell Pipeline. The plaintiffs recently refiled their complaint to include a claim that Reclamation failed to consider the effects of the Upper Basin's Drought Contingency Plan on flows in the Green River below Flaming Gorge, as well as how the DCP might impact the water supply for the Green River exchange contract. We will continue to monitor this case. We also continue to monitor the Federal Energy Regulatory Commission licensing environmental review process for the project.

2. Drought Contingency Planning and Demand Management.

There have been a number of developments related to contingency planning and demand management since the River District's April Board meeting. We have actively participated in a number of items, including Phase III of the West Slope Risk Study, the West Slope Basin Roundtables Meeting, the UCRC workgroup discussions regarding demand management, and the CWCB's proposed Demand Management workgroup process. Andy Mueller has reported to the Board on West Slope (and others) concerns about some elements of the State's proposed workgroup process. We also have worked with certain West Slope water users regarding potential protective strategies to govern or guide demand management activities within water systems.

The Board may wish to discuss these and other sensitive negotiation and legal issues related to compact and interstate matters in executive session.

I. Ratification of Statement of Opposition in the Application of Roaring Fork Properties, LLC & South Canyon Ranch, LLC, Case No. 19CW3042, Water Division 5 (an Enterprise Matter).

We request that the Board ratify the Statement of Opposition in Case No. 19CW3042, Water Division 5. Strategic Initiative: 4.A. (Colorado River Supplies).

We filed a statement of opposition in May to the application of Roaring Fork Properties, LLC & South Canyon Ranch, LLC ("Applicants"). The Applicants identified River District Water Marketing supplies as a source of augmentation in the absence of a current water supply contract. The statement of opposition is included with your Board material as Attachment B to this memo.

We recommend that the Board ratify the statement of opposition in Case No. 19CW3042, Water Division 5.

J. Application of the Colorado River Water Conservation District, Case No. 18CW3126, Water Division 5 (Red Cliff Project).

Update only. Strategic Initiatives: Strategic Initiatives: 4 (Colorado River supplies) 7.B. (River District conditional water rights).

We are pleased to report that the Division 5 Water Judge entered a decree finding that the River District has exercised reasonable diligence in the perfection of its Red Cliff Project conditional water rights: Iron Mountain Reservoir, Iron Mountain Reservoir Second Fill, Cross Creek extension of the Fall and Peterson Creek Conduits, and its remaining component of the Pando Feeder Canal.

An application for a finding of reasonable diligence for these conditional water rights is due in May of 2025. Failure to file a timely diligence application or failure to continue work with reasonable diligence in the completion of the appropriation of the subject water right, will result in cancellation of the of the rights. We have instructed River District staff to calendar periodic reminders of the application deadline.

Attachments:

- A. CRWCD/Cities Joint Letter regarding 2018 Green Mountain Reservoir Fill Operation and Accounting, dated June 7, 2019
- B. CRWCD Statement of Opposition, Case No. 19CW3042, Water Division 5, dated May 30, 2019

June 7, 2019

J. Signe Snortland, Area Manager
Victor Lee, Civil Engineer
U.S. Bureau of Reclamation
Eastern Colorado Area Office
11056 West County Road 18E
Loveland, CO 80537-9711

via email: jsnortland@usbr.gov

via email: vlee@usbr.gov

ATTACHMENT A
QUARTERLY ATTORNEY REPORT
JOINT - JULY 2019

Re: 2018 Green Mountain Reservoir Fill Operation and Accounting

Dear Ms. Snortland and Mr. Lee:

Denver Water and Colorado Springs Utilities ("the Cities"), and the Colorado River Water Conservation District, provide this joint letter to express our collective concern with the 2018 Green Mountain Reservoir ("Green Mountain") fill operation and accounting. We believe that Green Mountain Reservoir operations and accounting were not conducted in accordance with SD-80 and the Blue River Decree(s).

During the period from approximately June 30 through July 17, 2018, the Division 5 Engineer administered the C-BT Project (8/1/1935 priority) as the "swing right" to satisfy the downstream senior 1905 Shoshone Power Plant priority ("2018 Swing Right Operations"). As the swing right, the C-BT Project priority was able to divert a portion of the available flow and was required to bypass the remainder in order to satisfy the senior Shoshone right. Green Mountain's 52,000 acre-foot C-BT replacement pool filled on the first day of the 2018 fill season and was full during the 2018 Swing Right Operations.

Our understanding of the 2018 Swing Right Operations is that bypass water required to satisfy the downstream call was accounted from storable inflow to Green Mountain Reservoir's 100,000 acre-foot pool with only a negligible portion accounted from water diverted or stored for transmountain diversion through the Adams Tunnel. Alternately stated, the 2018 Swing Right Operations disproportionately reduced storable inflow to the 100,000 acre-foot pool which effectively resulted in out-of-priority diversions by the C-BT Project's transmountain system being replaced by Green Mountain's 100,000 acre-foot pool instead of from Green Mountain's 52,000 acre-foot C-BT replacement pool.

Fortunately, the 2018 Swing Right Operations did not adversely impact water users. However, under different circumstances, those operations could impair the vested rights of various water users, including the signatories of this letter. For example, the accounting methodology used during the 2018 Swing Right Operations increases the risk that the 100,000 acre-foot pool will not fill. It also does not permit as much water as possible to be available for upstream rights without impairment of the right to fill GMR.

Proper operations would have honored the co-equal priority of the 100,000 acre-foot pool and the transmountain component of the C-BT Project, which would have resulted in the divertible amounts during the 2018 Swing Right Operations being prorated among those two units of the C-BT Project.

U.S. Bureau of Reclamation
Eastern Colorado Area Office
June 7, 2019
Page 2


Re: 2018 Green Mountain Reservoir Fill Operation and Accounting

We respectfully request, from this time forward, that the USBR properly pro-rate bypass flows and releases between the 100,000 acre-foot pool and the C-BT Project's transmountain components, resulting in pro-rated releases or bypasses from both the 100,000 and 52,000 acre-foot pools in accordance with SD-80 and the Blue River Decrees.

Respectfully,

DENVER WATER

By:



Ryan Stitt, P.E., Engineer
1600 W. 12th Avenue
Denver, CO 80204-3412
(303) 628-6000
ryan.stitt@denverwater.org

COLORADO SPRINGS UTILITIES


By:



Abigail Ortega
Water Resource Manager
1521 S. Hancock Expressway
MC 1825
Colorado Springs, CO 80903
(719) 668-8748
ajortega@csu.org

COLORADO RIVER WATER CONSERVATION DISTRICT

By:



John M. Currier, P.E., Chief Engineer
P.O. Box 1120
Glenwood Springs, CO 81602-1120
(970) 945-8522
jcurrier@crwcd.org

cc:

Rod Smith, U.S. Department of the Interior Solicitor's Office, Division of Land & Water Resources
Alan Martellaro, Division 5 Engineer, Colorado Division of Water Resources
Kevin Rein, State Engineer, Colorado Division of Water Resources
Kyle Whitaker, Northern Colorado Water Conservancy District
Jeff Drager, Northern Colorado Water Conservancy District
Brad Wind, Northern Colorado Water Conservancy District
Max Schmidt, Orchard Mesa Irrigation District
Mark Harris, Grand Valley Water Users Association

DISTRICT COURT, WATER DIVISION 5, COLORADO Garfield County Courthouse 109 8 th Street, Suite 104 Glenwood Springs, CO 81601 (970) 947-3861	<p style="text-align: center;">▲ COURT USE ONLY ▲</p> <hr/> <p>Case Number: 19CW3042</p> <p>Div.: Ctrm.:</p>
IN THE MATTER OF THE APPLICATION OF: ROARING FORK PROPERTIES, LLC and SOUTH CANYON RANCH, LLC, Garfield County, Colorado	
<i>Attorneys for the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise :</i> Name: Peter C. Fleming, #20805 Jason V. Turner, #35665 Address: P. O. Box 1120 Glenwood Springs, CO 81602 Phone #: (970) 945-8522 Fax #: (970) 945-8799 E-mail: pfleming@crwcd.org jturner@crwcd.org	
STATEMENT OF OPPOSITION	

1. Name, Address and Telephone Number of Opposer:

Colorado River Water Conservation District, acting by and through its Colorado River
Water Project Enterprise ("River District")
P. O. Box 1120
Glenwood Springs, Colorado 81602
Telephone: (970) 945-8522
Facsimile: (970) 945-8799

Please direct all pleadings and correspondence in this matter to Peter C. Fleming and
Jason V. Turner, counsel for the Opposer, at the foregoing address.

2. Name of ditch or other structure: As referenced in the Application.

3. State facts as to why the application should not be granted or why it should be granted
only in part or on certain conditions:

- a. The River District owns and operates the Wolford Mountain Reservoir Project located on Muddy Creek, tributary to the Colorado River, and has a contractual right to water deliveries from Ruedi Reservoir.
- b. The River District's water supplies are identified in the Application as a source of augmentation water. Pursuant to the River District's policies, use of those supplies must be made pursuant to a contract between the user and the River District. The Applicant has made no such contract as of this date. Use of River District water supplies must be denied unless a contract is entered into pursuant to the River District's Water Marketing Policy.
- c. The River District's Wolford Mountain Reservoir supply may be operationally bundled with the River District's Ruedi Reservoir supply, and the release of water based exclusively on Wolford Mountain Reservoir water is not available under the River District's Water Marketing Policy.
- d. The River District reserves the right to raise additional objections at a later date founded upon information not readily ascertainable from the Application.
- e. This Statement of Opposition is intended to be continuing in nature and to apply to all further amendments to the Application, regardless of form. The River District requests leave of the Court for this Statement of Opposition to apply equally to any such amendments that may be filed herein, so that no further Statement of Opposition need be filed.

[Signature on following page]

Respectfully submitted on May 30, 2019.

*Attorneys for the Colorado River Water
Conservation District, acting by and through its
Colorado River Water Project Enterprise*



/s/

Peter C. Fleming, General Counsel, #20805
Jason V. Turner, Senior Counsel, #35665

**In accordance with C.R.C.P. 121 §1-26(9), this document has been electronically filed via www.jbits.courts.state.co.us.com. A printed copy of this document with original signatures is maintained by the filing party and will be made available for inspection by other parties or the Court upon request.*

VERIFICATION

STATE OF COLORADO)
) ss.
COUNTY OF GARFIELD)

I, John Currier, Chief Engineer for the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise, state that I have read the foregoing Statement of Opposition and verify its content.

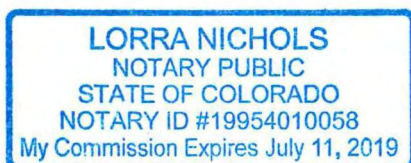


/s/

John Currier, Chief Engineer

Subscribed and sworn to before me on May 30, 2019.

WITNESS my official hand and seal. My Commission Expires: 7/11/2019



/s/

Lorra Nichols, Notary Public

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing **STATEMENT OF OPPOSITION** will be e-filed and served upon the following parties through www.jbits.courts.state.co.us.com within twenty-four (24) hours of this date, May 30, 2019, or deposited in the United States Mail, first class, postage prepaid, as follows:

SERVICE


Garfield County, 2019CW003042 - In the Interest of: Roaring Fork Properties LLC et al

☐ I will serve the documents on my own. I acknowledge that C.R.C.P. Rule 121, Section 1-26(6) requires e-service on parties who have subscribed to the Colorado Courts E-Filing application.

Party Status: All

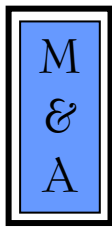
E-Service

<input checked="" type="checkbox"/> Name	Type	Status	Attorney	Organization
<input checked="" type="checkbox"/> Division 5 Engineer	Division Engineer	Active	Division 5 Water Engineer	State of Colorado DWR Division 5
<input checked="" type="checkbox"/> Roaring Fork Properties Llc	Applicant	Active	Peter D Nichols	Berg Hill Greenleaf & Ruscitti LLP
<input checked="" type="checkbox"/> Roaring Fork Properties Llc	Applicant	Active	Kelcey Christine Nichols	Wood Nichols LLC
<input checked="" type="checkbox"/> South Canyon Ranch Llc	Applicant	Active	Peter D Nichols	Berg Hill Greenleaf & Ruscitti LLP
<input checked="" type="checkbox"/> South Canyon Ranch Llc	Applicant	Active	Kelcey Christine Nichols	Wood Nichols LLC
<input checked="" type="checkbox"/> State Engineer	State Engineer	Active	Colorado Division of Water Resources	State of Colorado - Division of Water Resources
<input checked="" type="checkbox"/> West Divide Water Conservancy District	Opposer	Active	Edward Bryan Olszewski	Olszewskij, Massih & Maurer, P.C.


/s/*

Lorra Nichols

**In accordance with C.R.C.P. 121 §1-26(9), this document has been electronically filed via www.jbits.courts.state.co.us.com. A printed copy of this document with original signatures is maintained by the filing party and will be made available for inspection by other parties or the Court upon request.*



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850 AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
TELEPHONE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

To the Board of Directors Colorado River Water Conservation District

We have audited the financial statements of Colorado River Water Conservation District (the "District") for the year ended December 31, 2018. Professional standards require that we provide you with the following information related to our audit.

Qualitative Aspects of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Colorado River Water Conservation District are described in the Notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Estimated useful lives for depreciation on capital assets: Management's estimate of is based on industry practice and experience. We evaluated the key factors and assumptions used to develop the useful lives used in determining depreciation and found that it is reasonable in relation to the financial statements taken as a whole.

Estimated allowance for uncollectible receivables at December 31, 2018, which management has based on industry practice and experience, including actual collections since year-end.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements prior to audit procedures being performed. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

As is required in an audit engagement we have requested certain representations from management that are included in the management representation letter.

In planning and performing our audit of the financial statements of the District for the year ended December 31, 2018, we noted certain matters relating to opportunities for improvement of internal controls and day-to-day operations, which are presented for your consideration below.

Segregation of Duties – Vehicle Fuel and Mileage Log

Employees keep a log to record mileage and fuel purchases. We recommend that an employee who doesn't use the vehicles or log compare the log to the credit card charges at least quarterly. Management has implemented such procedures as of the date of this letter.

Governmental Accounting Standards Board Statement 87:

Financial reporting standards for the District are promulgated by the Governmental Accounting Standards Board ("GASB"). GASB has issued Statement 87 ("GASB 87"), which will require recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 is required to be implemented for periods beginning after December 15, 2019.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,



**McMahan and Associates, L.L.C.
June 18, 2019**

Colorado River Water Conservation District
Financial Statements

December 31, 2018

Contents

2018 BOARD OF DIRECTORS	3
GENERAL BACKGROUND AND TRANSMITTAL.....	4
INDEPENDENT AUDITOR’S REPORT	13
MANAGEMENT’S DISCUSSION AND ANALYSIS	15
FINANCIAL STATEMENTS	23
STATEMENT OF NET POSITION	23
STATEMENT OF ACTIVITIES.....	24
GOVERNMENTAL FUNDS BALANCE SHEET.....	25
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION OF GOVERNMENTAL ACTIVITIES	26
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL	27
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE STATEMENT OF ACTIVITIES.....	28
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	29
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	30
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	31
STATEMENT OF FIDUCIARY NET POSITION.....	32
NOTES TO THE BASIC FINANCIAL STATEMENTS	33
1. <i>Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Flows, Basis of Accounting and Summary of Significant Accounting Policies</i>	33
2. <i>Interfund Receivables/Payables and Transfers</i>	38
3. <i>Stewardship, Compliance, and Accountability.....</i>	38
4. <i>Cash, Cash Equivalents, and Investments</i>	38
5. <i>Pension and Deferred Compensation and RHS Plans</i>	42
6. <i>Net Investment in Sales-Type Lease for the year ended December 31, 2013</i>	43
7. <i>Long-term Debt</i>	43
8. <i>Capital Assets.....</i>	44
9. <i>Commitments and Contingencies</i>	45
10. <i>Joint Ventures.....</i>	46
11. <i>Water-purchase Contracts</i>	46
12. <i>Employee Home Ownership Program.....</i>	46
REQUIRED SUPPLEMENTARY INFORMATION	47
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND.....	48
SUPPLEMENTARY INFORMATION	49
STATEMENT OF PROPERTY TAXES COLLECTED COMPARED TO BUDGET – GENERAL FUND.....	50
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND.....	51
STATEMENT OF REVENUES, LEASE RECEIPTS, EXPENDITURES AND CHANGES IN NET POSITION– BUDGET AND ACTUAL (BUDGETARY BASIS) COLORADO RIVER WATER PROJECTS ENTERPRISE FUND.....	52
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND	53

**Colorado River Water Conservation District
2019 Board of Directors**

Name	Position	County
Dave Merritt	President	Garfield
Martha “Marti” Whitmore	Vice President	Ouray
Thomas M. Alvey	Director	Delta
Kathy Chandler-Henry	Director	Eagle
Mike Ritschard	Director	Grand
William S. Trampe	Director	Gunnison
Stan Whinnery	Director	Hinsdale
Steve Acquafresca	Director	Mesa
Tom Gray	Director	Moffat
Marc Catlin	Director	Montrose
John M. Ely	Director	Pitkin
Alden “Al” Vanden Brink	Director	Rio Blanco
Doug Monger	Director	Routt
Rebie Hazard	Director	Saguache
Karn Stiegelmeier	Director	Summit

Colorado River Water Conservation District General Background

GENERAL BACKGROUND AND TRANSMITTAL

A. BACKGROUND

The Colorado River Water Conservation District was created by the Colorado General Assembly in 1937. The River District boundary includes all or parts of 15 West Slope counties and encompasses all or parts of the Colorado River main-stem, Yampa, White, Green, Gunnison, Uncompahgre and Dolores River drainages within the state of Colorado.

Under the 1937 legislation, the River District included Summit, Eagle, Garfield, Mesa, Pitkin, Delta, Gunnison and Montrose Counties. In 1955, Grand, Moffat, Routt, Rio Blanco and Ouray Counties joined the District and in 1961, the portions of Hinsdale and Saguache Counties within the Colorado River Basin became a part of the River District.

Within Colorado, there are three other water conservation districts, the Southwestern Water Conservation District which was created in 1941, the Rio Grande Water Conservation District, created in 1961, and the Republican River Water Conservation District, created in 2004.

B. GENERAL POWERS AND MISSION

The River District's general powers and mission are described in its legislative charter. The legislative declaration states:

37-46-101. Legislative declaration. "In the opinion of the general assembly of the state of Colorado, the conservation of the water of the Colorado river in Colorado for storage, irrigation, mining, and manufacturing purposes and the construction of reservoirs, ditches, and works for the purpose of irrigation and reclamation of additional lands not yet irrigated, as well as to furnish a supplemental supply of water for lands now under irrigation, are of vital importance to the growth and development of the entire district and the welfare of all its inhabitants and that, to promote the health and general welfare of the state of Colorado, an appropriate agency for the conservation, use, and development of the water resources of the Colorado river and its principal tributaries should be established and given such powers as may be necessary to safeguard for Colorado, all waters to which the state of Colorado is equitably entitled under the Colorado river compact."

The statute gives the River District broad powers to carry out its declaration. These powers are described in detail in § 37-46-107 (a) and through (l). In general, the River District can appropriate water rights, litigate water matters, enter into contracts, hold real property, operate projects and perform other functions as needed to meet the present and future water needs of the District.

Mission Statement

To lead in the protection, conservation, use and development of the water resources of the Colorado River basin for the welfare of the District, and to safeguard for Colorado all waters of the Colorado River to which the state is entitled.

C. BOARD OF DIRECTORS

The District's legislation states that the District shall be managed and controlled by a board of fifteen directors, one from each of the 15 member counties. Board members are appointed by the board of county commissioners from each county and serve three year terms. Each January five board members are up for appointment. In January 2019 those counties are Eagle, Delta, Grand, Hinsdale, and Summit Counties.

The Board elects a president and vice president and appoints a secretary (normally the General Manager) and treasurer. In 2002, the Board adopted a two term limit commencing in 2003, for its president and vice president.

The Board utilizes committees as necessary. The duties of the officers and procedures for committee meetings are further described in the District bylaws.

Regular Board meetings are held in Glenwood Springs beginning on the third Tuesday of January, April, July and October and run one or two days. For 2019 the start dates are:

January 15, 2019
April 16, 2019
July 16, 2019
October 15, 2019

The Board also holds special meetings and tours as necessary, including a budget workshop typically scheduled in mid-September.

D. RESOURCES

The available River District resources include its water resources (projects, contracts, absolute and conditional water rights), staff resources and budget resources.

The River District owns and operates two reservoir projects, Wolford Mountain Reservoir, located on Muddy Creek in the Colorado River Basin north of Kremmling and Elkhead Reservoir, located on Elkhead Creek in the Yampa River basin near Craig. It also has contracted interests in water through its shares in the Grand County Mutual Ditch and Reservoir Company, Eagle Park Reservoir, the Homestake Reservoir exchange, water from the Twin Lakes Reservoir and Canal Co. enlargement decree, contracts with the Bureau of Reclamation for Ruedi Reservoir water and a contracted interest in the Taylor Park Reservoir second fill.

The River District financial statements are divided into "Governmental Activities" and "Business-Type Activities". The Governmental Activities are financed through the Board's authority to levy taxes as provided in:

37-46-109. Authority of board to levy taxes. (1) (a) In addition to other means of providing revenue for the district, the board of directors has the power to fix the amount of an assessment upon the property within the district, not to exceed two and one-half mills for every dollar of valuation for assessment therein as a level or general levy to be used for the purpose of paying the expenses of organization, for surveys and plans, to pay the salaries of officers and the per diem allowed to directors and their expenses, for the costs and expenses of construction or partial construction of any project designed or intended to accomplish the utilization of water, by storage or otherwise, for any beneficial uses or purposes, and for other incidental expenses which may be incurred in the administration of the affairs of the district.

The Governmental Funds are further divided into a “General Fund” and a “Capital Projects Fund”.

The River District’s Business-Type Activities are managed by an enterprise formally named the Colorado River Water Projects Enterprise of the Colorado River Water Conservation District. The Board of Directors of the River District is the Board of Directors of its Enterprise. The River District and its Enterprise share the same staff.

The Enterprise is a “government-owned business” as referred to in Colorado Constitution Article X, § 20, a/k/a “TABOR (Taxpayer Bill of Rights)” or “Amendment One”. Therefore, it is subject to judicial interpretations of TABOR and the provisions of the Water Activity Enterprise Act.

The Enterprise develops and operates the District’s water supply assets. The Enterprise’s water supplies are contracted for beneficial use pursuant to a water marketing policy. The Enterprise currently markets three basic supplies: (1) Colorado River Supply, which is provided from the Enterprise’s Wolford Mountain Reservoir Project and the Enterprise’s Ruedi Reservoir (Bureau of Reclamation) water contracts; and (2) Eagle River Supply, which is provided from the Enterprise’s interest as a shareholder in Eagle Park Reservoir Company and that Company’s sources of supply (Eagle Park Reservoir and a Homestake Reservoir exchange supply), and (3) the Elkhead Reservoir, in the Yampa River basin.

A full-time staff of 25 consisting of managers, general and associate counsels, water resource engineers and specialists, project caretakers, public affairs, legal and administrative support personnel carries out the activities of the District as directed by the Board. Personnel costs are split between the Enterprise and General Funds based on estimated percentage of time spent.

REGIONAL / ECONOMIC CONDITIONS AND OUTLOOK

A. REGIONAL SETTING

The River District covers a large and diverse area. There are four major river basins within the district; the Yampa, the White, the Gunnison and the Colorado main-stem. The River District’s economics are also quite diverse. It includes areas that are highly dependent on energy production, agriculture and others that are dependent upon winter and summer recreation and a second home market. Resort development in Summit County, Aspen, Gore Creek and Eagle River Valleys, Winter Park, Steamboat Springs and Crested Butte areas have resulted in a significant increase in the District’s tax base in the last decade.

In the summer of 2008, the national economic slowdown began impacting most areas within the District. This slowdown impacted the rate of growth in the energy and second home sectors. The River District’s assessed valuation peaked in 2009. It dropped significantly in 2010, 2011 and 2013. This can be attributed to a dramatic decrease in Oil and Gas development and related foreclosures. There were slight improvements in 2015 and 2018. The 2018 valuations are 26% off of the 2009 peak.

The primary agricultural areas within the District include the Uncompahgre Valley, Grand Valley, Gunnison River Basin, Upper White River Basin and the Lower Yampa River Basin.

The major urban center within the River District is Grand Junction. Other towns with populations of over 10,000 include Montrose, Craig, Delta, Rifle, Steamboat Springs and Glenwood Springs. There are numerous other smaller towns and cities within the District.

B. POPULATION TRENDS

The population of the 15 River District counties is in the following table:

From 1980 to 2017, the population of the River District increased by 99.5%. This is a greater rate of growth than the six counties in the Denver Metro area, which increased from 1,618,461 to 2,831,280 (74.9%) or the state of Colorado which increased from 2,889,964 to 5,609,445 (94.1%).

<u>County</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017</u>	<u>% Chg. 1980-2017</u>
Delta	21,225	20,980	27,834	30,889	30,568	44.02%
Eagle	13,320	21,928	41,659	52,057	54,662	310.38%
Garfield	22,514	29,974	43,791	56,150	59,167	162.80%
Grand	7,475	7,966	12,445	14,790	15,297	104.64%
Gunnison	10,689	10,273	13,956	15,309	16,871	57.84%
Hinsdale	408	467	790	843	791	93.87%
Mesa	81,530	93,145	116,225	147,155	151,900	86.31%
Moffat	12,133	11,357	13,184	13,806	13,112	8.07%
Montrose	24,352	24,423	33,432	41,188	41,763	71.50%
Ouray	1,925	2,295	3,742	4,446	4,783	148.47%
Pitkin	10,338	12,661	14,872	17,156	17,875	72.91%
Rio Blanco	6,255	5,972	5,986	6,617	6,345	1.44%
Routt	13,404	14,088	19,690	23,439	25,178	87.84%
Saguache	3,935	4,619	5,917	6,144	6,631	68.51%
Summit	8,848	12,881	23,598	28,073	30,555	245.33%
TOTALS	238,351	273,029	377,121	458,062	475,498	99.49%

Management believes that the most recent population trends both within the District and within Colorado as a whole have grown at rates above the historical average. Growth rates are likely to continue to increase in the near future. Meeting the water needs of the District population, which includes the maintenance of stream flows necessary for a thriving recreation based economy, will continue to challenge the District's financial and personnel resources. Continued growth along the Colorado Front Range will continue to create significant pressure for the diversion of additional Colorado River water to the Front Range resulting in more demands on District staff and Board.

C. DISTRICT TAX BASE AND TAX REVENUES

Since the mid 1990's the River District's tax base has grown at a significant rate. A graph of the District mill levy and the total property taxes collected are shown in Figure A and Figure B. Certain provisions of the Colorado constitution (commonly referred to as TABOR), limit the increase in tax revenues and expenditures to the rate of inflation plus new growth.

Consequently, the mill levy changes as an inverse relationship to the change in the assessed valuation.

FIGURE A: ASSESSED VALUATION VS. MILL LEVY

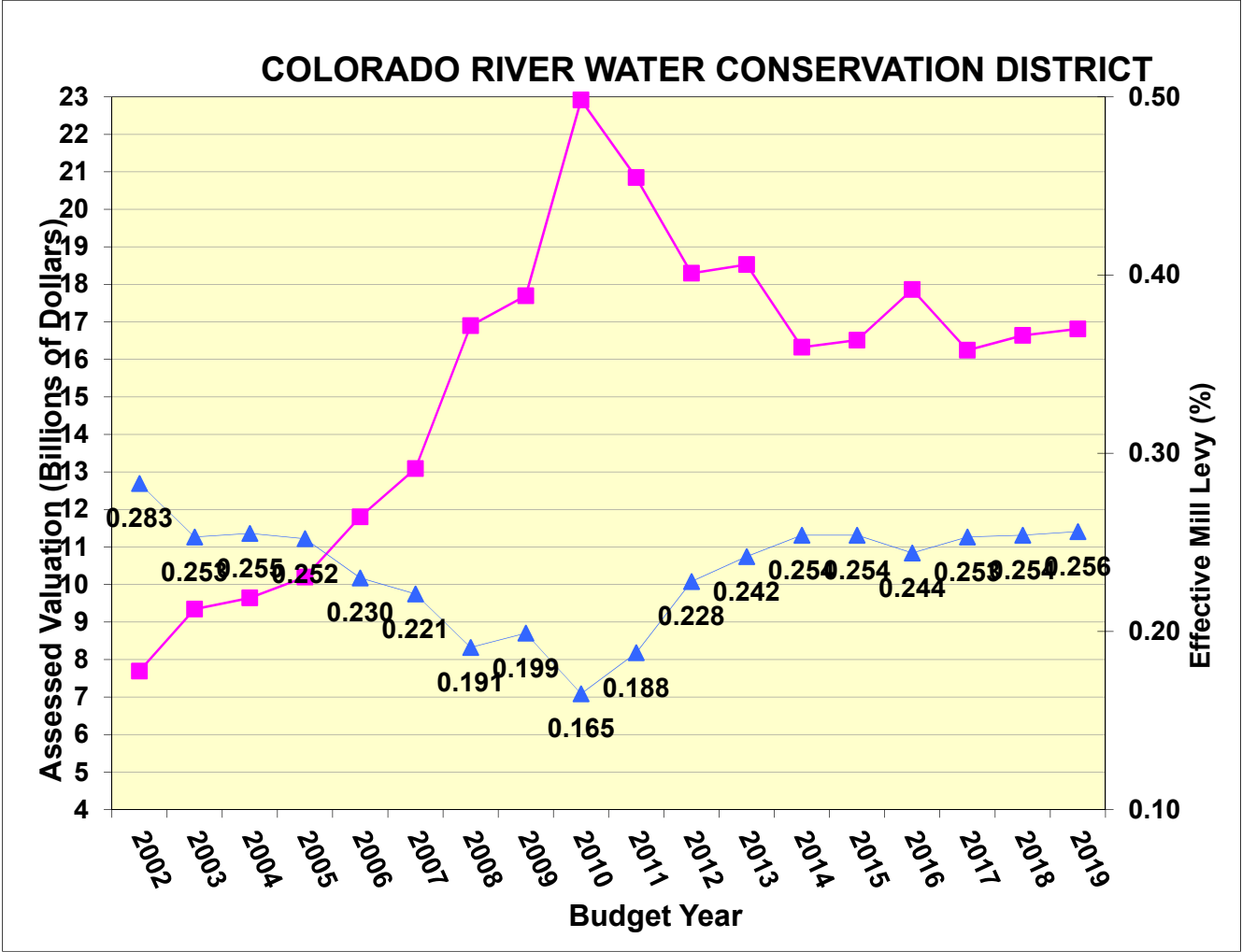
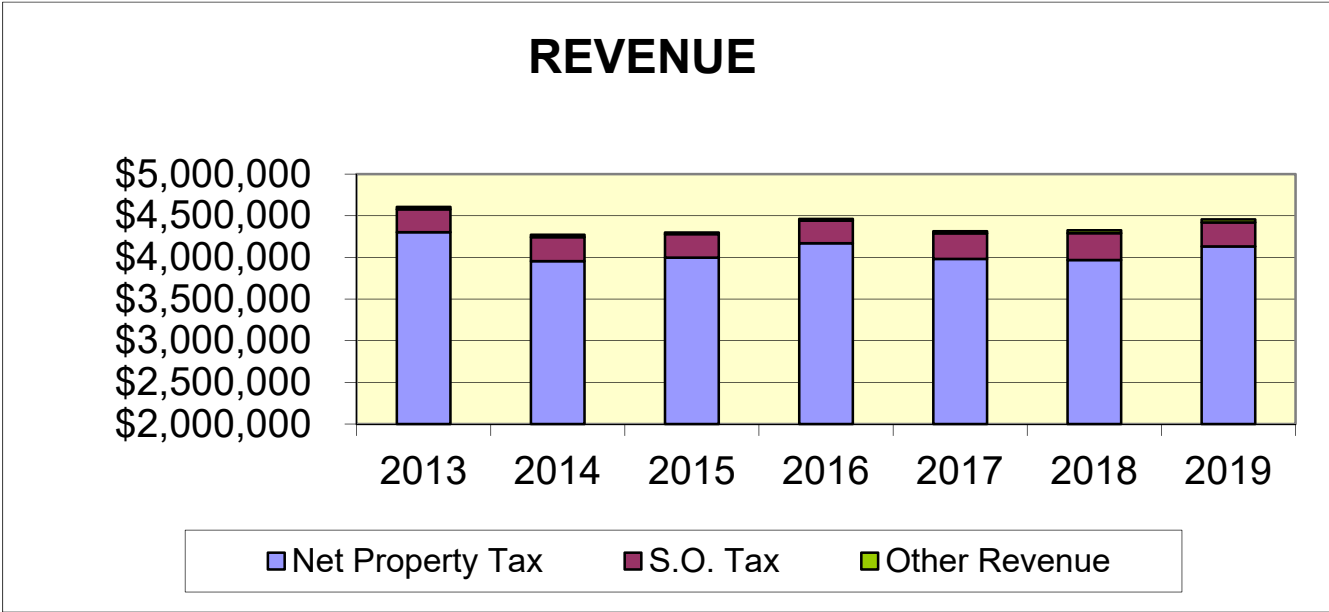


FIGURE B: BUDGETED GENERAL REVENUES



In addition to the property taxes, the River District has revenues from the specific ownership tax and interest. In 2018 the River District collected \$343,824 in specific ownership taxes (an increase of 12.2% from 2017).

River District management believes that the River District tax base will be relatively flat to declining. Growth will probably increase as population increases, however, the anticipated potential lowering of the Residential Assessment Rate due to the Gallagher Amendment will likely have negative impacts to the General Fund revenue budget.

Collections of the specific ownership (S.O.) tax, which make up 7.7% of the District's total General Fund revenues, are highly dependent on the purchase of new personal vehicles and business equipment. The S.O. tax collection is quite variable and difficult to predict from year to year. Interest earnings only make up a small portion of District's General Fund revenues (less than 1.0%).

D. ENTERPRISE REVENUES

The District's Enterprise revenues are primarily based on water sales and lease revenues. The primary source of income to the Enterprise is a \$3 million dollar per year lease payment from the Denver Water Board. Denver Water holds a 40.0% interest in the capacity and water storage of the Enterprises' primary asset – Wolford Mountain Reservoir. The Denver water lease payments will end in 2020, after which Denver Water will pay a 40.0% share of the actual costs of operating, maintaining and repairing the Wolford Mountain Reservoir.

The concept of the River District-Denver Water agreement for Wolford Mountain Reservoir was that the Denver Water's lease revenues provide the Enterprise with a revenue stream that exceeds the actual cost of the project's construction. These excess revenues would then provide a source of "seed money" to assist with the development of additional Enterprise assets.

In addition to the Denver Water lease revenues, the Enterprise receives revenue from its water marketing programs. Under the water marketing program, the Enterprise has 8,100 acre feet of Wolford Mountain Reservoir water, 432 acre feet of Eagle River Projects water, 2,457 acre feet of Elkhead Reservoir water, and 11,413 acre feet of Ruedi Reservoir water.

Each year the water marketing contract pricing is analyzed and recommendations are presented to the Board. Any increases are subject the following contractual parameters: Pre-2006 water contracts can be adjusted for the operation and maintenance component every five years. The adjustment is limited by the 'Denver-Aurora-Lakewood' (formerly the 'Denver-Boulder-Greeley') Consumer Price Index. Post-2006 contracts can be adjusted on an annual basis. In January of 2015, the River District sold Tri-State Generation & Transmission Associates, Inc. 1250 acre feet of permanent storage capacity in Elkhead Reservoir for \$4,800,000. This is not reflected on the 2014-15 line of the table below. It is reflected in the available acre feet of Elkhead Reservoir water noted above (3,707-1,250=2,457). In January, 2019, the Board approved an adjustment to the post 2006 water contracts by 3%.

The following table shows the total water sold through contracts and water sales revenues received or billed for water project years for 2002-2018.

<u>Water Project Year</u>	<u>Water Under Contract</u>	<u>Revenue Received</u>
2002/2003	3603 a.f.	\$488,612
2003/2004	4178 a.f.	\$415,597
2004/2005	4106 a.f.	\$737,643
2005/2006	3758 a.f.	\$782,440
2006/2007	4131 a.f.	\$825,631
2007/2008	4428 a.f.	\$719,347
2008/2009	5406 a.f.	\$719,804
2009/2010	4884 a.f.	\$832,590
2010/2011	6105 a.f.	\$952,206
2011/2012	6129 a.f.	\$1,086,718
2012/2013	7207 a.f.	\$1,330,562
2013/2014	7226 a.f.	\$1,501,421
2014/2015	7229 a.f.	\$1,572,562
2015/2016	6608 a.f.	\$1,342,903
2016/2017	6075 a.f.	\$1,212,065
2017/2018	5155 a.f.	\$1,187,170

There is not a direct correlation between the acre feet of water under contract and revenue received. The table reflects a pricing strategy that ended in 2007. The strategy allowed water users to pay the Capital Recovery fee up front in their contract period with only the Operation and Maintenance fee (O&M) in subsequent contract years. A significant number of water users took advantage of this pricing strategy. Management expects that the demand for Enterprise water will continue to grow. While the water supply available for purchase in certain areas will be limited, the River District continues to take advantage of opportunities to increase its inventory.

Operating successful water projects will present new challenges to both management and the Board. Enterprise projects will need to be carefully analyzed and pricing strategies developed to cover, on a long term basis, the full costs of operating the Enterprise's various projects and to provide a source for financing additional projects to meet future water needs.

MAJOR INITIATIVES AND ISSUES

A. REGIONAL HYDROLOGIC CONDITIONS

Beginning in the summer of 2000, the entire state of Colorado including the District, began a period of extended and severe drought. Drought conditions prevailed through 2004. There was some relief from the drought from 2005 through 2011. Wolford Mountain Reservoir filled and spilled each year from 2006-2011. 2012 saw a return to drought conditions. 2018 was a particularly dry year throughout Colorado, although both Wolford Mountain Reservoir and Elkhead Reservoir filled and spilled. Any additional extension of drought conditions may require the River District to redirect resources to help alleviate drought related problems.

The following graph (Figures C) show storage levels in the District’s Wolford Mountain Reservoir from January, 2005 through January, 2019. The significant drawdown in Wolford Mountain Reservoir during 2018 was due in large part to scheduled construction on the Ritschard Dam. The second graph (Figure D) shows reservoir levels at Lake Powell, a large reservoir operated by the United States Bureau of Reclamation. The drop in storage at Lake Powell is indicative of drought conditions throughout the Upper Colorado River region, in addition to overuse throughout the Lower Colorado River region.

FIGURE C: WOLFORD MOUNTAIN RESERVOIR STORAGE

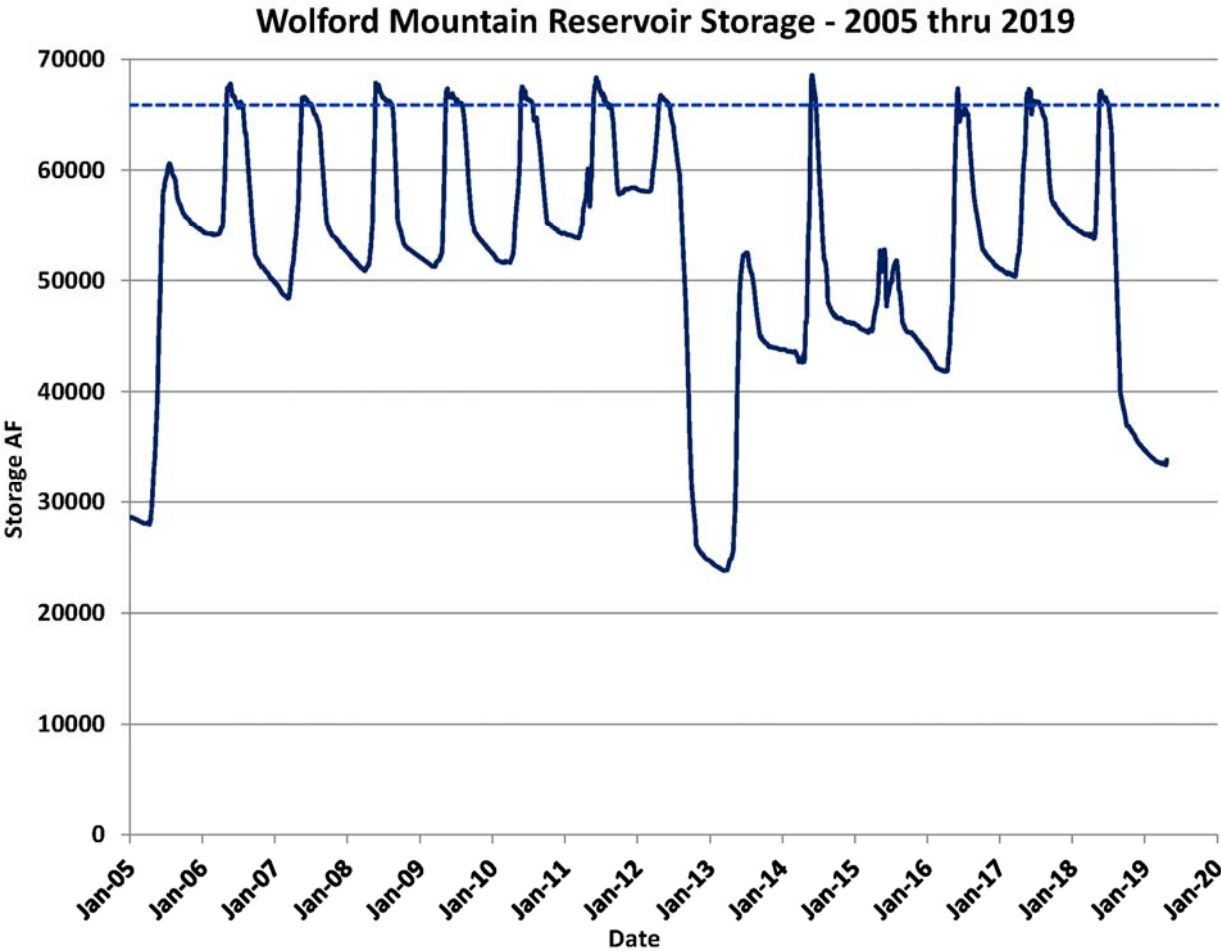
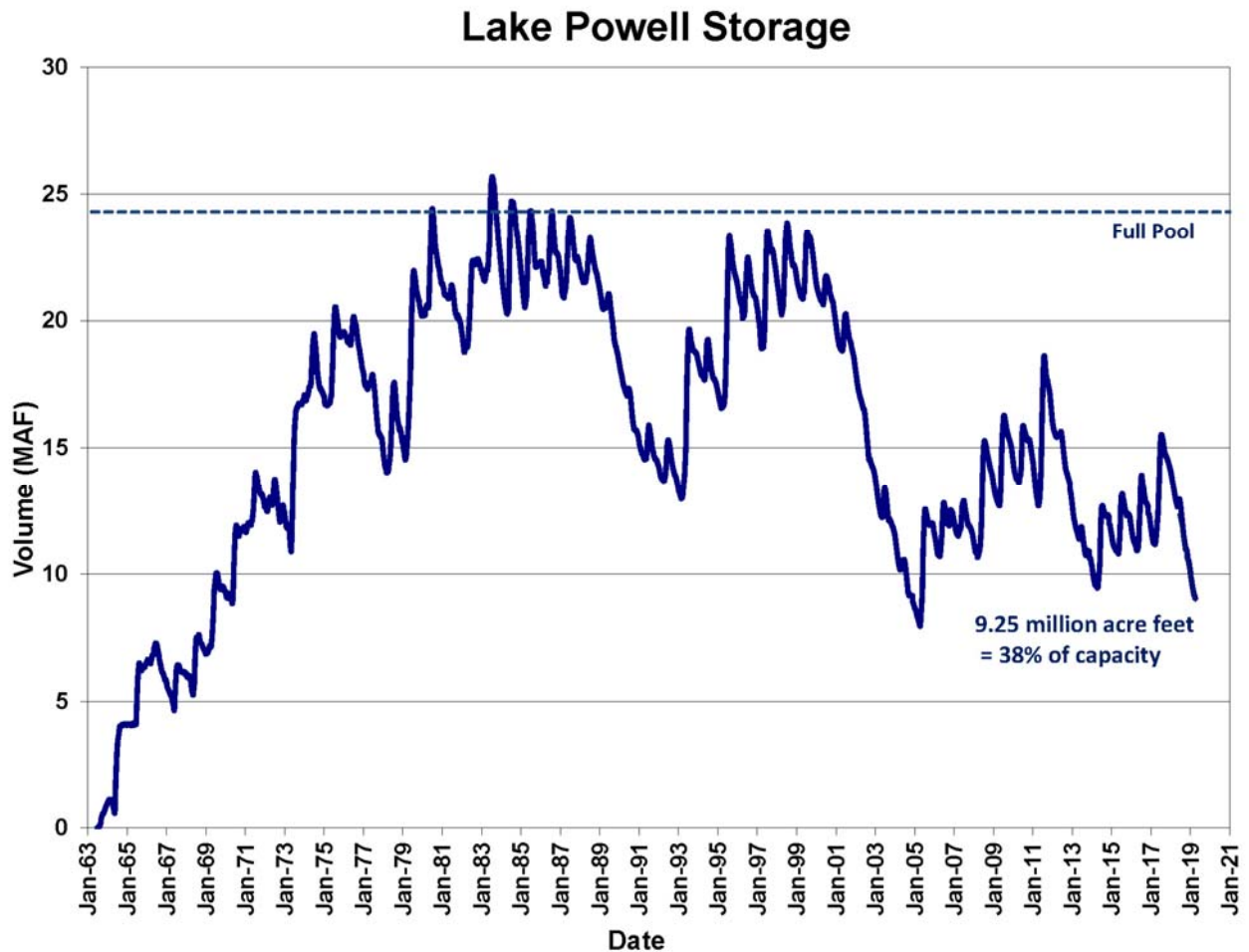


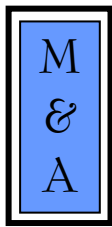
FIGURE D: LAKE POWELL STORAGE



B. LITIGATION AND LEGAL FUNDING

The River District’s General Counsel is responsible for the management of all of the legal matters of the River District and its Enterprise. The River District is involved in a wide-variety of legal matters that include litigation related to water rights, the negotiation and mediation of litigation settlements, the negotiation of contractual relationships, governmental compliance, and legislative proposals. Budgeting for litigation related matters is very difficult because of the uncertain nature of the litigation schedule and possible settlement options. Occasionally unanticipated financial liability results from pending litigation.

In addition to in-house counsel, the River District has retained special counsel for advice on a variety of matters. Generally those matters involve anticipated complex-litigation, issues beyond the particular expertise of in-house counsel, and “overflow” work delegated to special counsel on an as-needed basis. The River District expended \$174,391 on special counsel, mediation and expert consultants related to pending and anticipated litigation during the year 2018. Those costs are expected to increase in 2019 due to pending litigation and the retention of counsel and consultants to work on a special project.



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Colorado River Water Conservation District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Colorado River Water Conservation District (the "District"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Colorado River Water Conservation District as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

Page 13 of 53

Colorado River Water Conservation District

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 15 - 22 and the General Fund Budgetary Comparison Schedule on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The statements and schedules on pages 50 - 53 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The accompanying introductory section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
June 18, 2019**

Colorado River Water Conservation District Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) is designed to provide an easy-to-read discussion of the District's financial condition and operating results and to disclose to the reader important financial activities and issues related to the District's basic operations and mission. The MD&A should be read in conjunction with the detailed Background and Transmittal letter which precedes this MD&A and the District's basic financial statements.

The District has two separate financial categories or activities - government-type activities and those covered or referred to as business type activities. Within the government type activities, the Board has designated two separate budgets; a General Fund and a Capital Projects Fund. The government type activities are funded through the District's ad-valorem property tax. The business type activities are managed through the District's Colorado River Water Projects Enterprise (Enterprise). The Enterprise is funded through water sales contracts and leases.

▪ DESCRIPTION OF FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the District government, reporting the District's operations *in more detail* than the government-wide statements.

The financial statements *Notes* explain some of the information in the financial statements and provide more detailed data. The statements are followed by *required supplementary information and supplementary information sections* that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These statements report information about the District as a whole and include *all* assets, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. The District's net position – the difference between assets, liabilities, and deferred inflows of resources – are one way to measure the District's financial health, or *financial position*. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors, however, such as changes in the District's property tax base are needed to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, the District is divided into two kinds of activities:

- **Governmental Activities** – The activity of the River District for its General and Capital Projects funds are reported here. Property taxes, specific ownership taxes, and interest income finances most of these activities
- **Business-Type Activities** – The District manages an enterprise formally named the Colorado River Water Projects Enterprise of the Colorado River Water Conservation District which develops and operates the District's water supply assets. The activity of this Enterprise is reported here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant funds – not the District as a whole. The District's two kinds of funds – *governmental and proprietary* – use different accounting approaches.

Governmental fund – The River District's activity of its General and Capital Project funds are reported as a governmental fund, which focuses on how money flows into and out of the General fund and the balances left at year-end that are available for transfer to its Capital Projects fund. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Proprietary (Enterprise) fund – The activity of the River District's Enterprise fund is reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise fund is the same as the business-type activities reported in the governmental-wide statements but provide more detail and additional information, such as cash flows.

The other financial statements include notes that explain some of the information in the financial statements and provide more detailed data.

HIGHLIGHTS for fiscal year 2018

Governmental Activities

- As of December 31, 2018, the District's governmental activities held \$11,602,995 in total assets.

Business-Type Activities

- As of December 31, 2018, total Enterprise assets were \$91,632,221 a 1% decrease from the prior year.
- In 2018, revenues from water sales decreased 2.3% to \$1,191,196.
- Total Business-type activities liabilities increased 29.1% to \$1,106,344.

HIGHLIGHTS for fiscal year 2017

Governmental Activities

- As of December 31, 2017, the District's governmental activities held \$11,259,208 in total assets.

Business-Type Activities

- As of December 31, 2017, total Enterprise assets were \$92,381,322 a 0.6% decrease from the prior year.
- In 2017, revenues from water sales decreased 9.5% to \$1,219,665.
- Total Business-type activities liabilities decreased 16.4% to \$856,650.

STATEMENT OF NET POSITION

The following table is a year-to-year summary of the District's net position:

Net Position (In Thousands)

Years ended December 31,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Assets:</u>						
Current Assets	\$ 10,721	\$ 10,313	\$ 28,880	\$ 26,496	\$ 39,601	\$ 36,809
Capital assets, Net	731	770	55,317	55,467	56,048	56,237
Other Assets	151	177	7,436	10,419	7,587	10,596
Restricted Assets	-	-	-	-	-	-
Total Assets	<u>\$ 11,603</u>	<u>\$ 11,260</u>	<u>\$ 91,633</u>	<u>\$ 92,382</u>	<u>\$ 103,236</u>	<u>\$ 103,642</u>
<u>Liabilities:</u>						
Current Liabilities	494	481	1,106	857	1,600	1,338
Long-Term Liabilities	-	-	-	-	-	-
Total Liabilities	<u>\$ 494</u>	<u>\$ 481</u>	<u>\$ 1,106</u>	<u>\$ 857</u>	<u>\$ 1,600</u>	<u>\$ 1,338</u>
Deferred inflows of resources, unavailable revenue-property taxes	<u>\$ 4,298</u>	<u>\$ 4,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,298</u>	<u>\$ 4,227</u>
<u>Net Position</u>						
Net Investment in Capital Assets	731	770	55,317	55,467	56,048	56,237
Restricted for emergencies	133	132	-	-	133	132
Restricted for debt collateralization	-	-	-	-	-	-
Unassigned	5,947	5,650	35,209	36,058	41,156	41,708
Total Net Position	<u>\$ 6,811</u>	<u>\$ 6,552</u>	<u>\$ 90,526</u>	<u>\$ 91,525</u>	<u>\$ 97,337</u>	<u>\$ 98,077</u>

STATEMENT OF ACTIVITIES

The following table reflects a year-to-year change in the District's Net Position:

Years ended December 31,	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Program Revenues:</u>						
Charges for Services	\$ -	\$ -	\$ 1,802	\$ 1,907	\$ 1,802	\$ 1,907
Grants/Contributions	-	-	1,161	1,586	1,161	1,586
Total Program Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,963</u>	<u>\$ 3,493</u>	<u>\$ 2,963</u>	<u>\$ 3,493</u>
<u>General Revenues:</u>						
Property Taxes	4,094	4,129	-	-	4,094	4,129
Specific Ownership Taxes	344	306	-	-	344	306
Interest/Investments	96	58	246	248	342	306
Miscellaneous	17	8	-	-	17	8
Total General Revenues	<u>\$ 4,551</u>	<u>\$ 4,501</u>	<u>\$ 246</u>	<u>\$ 248</u>	<u>\$ 4,797</u>	<u>\$ 4,749</u>
Total Revenues	<u>\$ 4,551</u>	<u>\$ 4,501</u>	<u>\$ 3,209</u>	<u>\$ 3,741</u>	<u>\$ 7,760</u>	<u>\$ 8,242</u>
<u>Program Expenses</u>						
General Government	476	539	-	-	476	539
Projects & Engineering	713	794	4,207	4,108	4,920	4,902
Professional & Legal	3,000	2,686	-	-	3,000	2,686
Other Administration	54	62	-	-	54	62
Unallocated Depreciation	54	54	-	-	54	54
Loss on Disposal - Unallocated	-	-	-	-	-	-
Total Expenses	<u>\$ 4,297</u>	<u>\$ 4,135</u>	<u>\$ 4,207</u>	<u>\$ 4,108</u>	<u>\$ 8,504</u>	<u>\$ 8,243</u>
Increase(decrease) in Net Position	<u>\$ 254</u>	<u>\$ 366</u>	<u>\$ (998)</u>	<u>\$ (367)</u>	<u>\$ (744)</u>	<u>\$ (1)</u>

The year to year change in the Governmental revenues is primarily due to property taxes. The year to year change in the Business-Type revenues is primarily due to the change in water contracts, the change in Elkhead Reservoir reimbursements, and the change in project contributions.

GOVERNMENTAL FUNDS

BALANCE SHEET

(In Thousands)

Years ended December 31,	2018	2017
Total Assets - General Fund	\$ 6,825	\$ 6,854
Total Assets - Capital Fund	4,047	4,184
Total Assets	\$ 10,872	\$ 11,038
Total Liabilities - General Fund	210	743
Total Liabilities - Capital Fund	8	14
Total Liabilities	\$ 218	\$ 756
Deferred inflows of resources, unavailable revenue-property taxes	\$ 4,298	\$ 4,227
Fund Balance		
Restricted (approx. TABOR 3%)	133	132
Assigned (3 months expenses)	1,097	1,097
Assigned (Capital Projects Fund)	4,039	4,171
Unassigned	1,087	656
Total Fund Balance	\$ 6,356	\$ 6,056

The increase in Total Fund Balance is primarily due to a decrease in liabilities.

REVIEW OF EXPENSES - BUDGETARY COMPARISON - GOVERNMENTAL FUNDS

(In Thousands)

Years ended December 31,	2018 Actual	2018 Budget
County Treasurer's Fees	\$ 143	\$ 147
Director's Fees, Salary & Expenses	54	65
Professional and Legal	2,998	3,311
General Government	196	276
External Affairs	128	200
Project Expenses	703	887
Emergency and Contingency	-	133
Capital Outlay	18	15
Total Expenses	\$ 4,240	\$ 5,034

BUDGETARY HIGHLIGHTS

Changes between actual expenditures and budgeted amounts were primarily due to efforts to reduce expenses and the Litigation budget not being fully utilized. Additionally, the District has not spent emergency and contingency budgeted amounts. In 2018, actual expenses were less than budgeted by approximately \$680,000 for the General Fund and \$112,000 for the Capital Projects Fund.

PROPRIETARY FUND (Enterprise Fund)

STATEMENT OF NET POSITION

(In Thousands)

Years ended December 31,	2018	2017
Current Assets	\$ 28,880	\$ 26,496
Capital Assets (Net)	55,317	55,467
Other Assets	7,436	10,419
Restricted Assets	-	-
Total Assets	\$ 91,633	\$ 92,382
Current Liabilities	1,106	857
Long-term Liabilities	-	-
Total Liabilities	\$ 1,106	\$ 857
Net Position		
Net Investment in Capital Assets	55,317	55,467
Restricted	-	-
Unrestricted	35,209	36,058
Total Net Position	\$ 90,526	\$ 91,525

REVIEW OF REVENUES AND LEASE RECEIPTS

(In Thousands)

Years ended December 31,	2018	2017
Water Sales & Leases	\$ 4,191	\$ 4,220
Interest Income (Loss)	250	230
Management Fee	13	7
Elkhead Operations Reimbursements	311	1,005
Grants & Contributions	851	580
Miscellaneous & Others	177	117
Total Revenues	\$ 5,793	\$ 6,159

The overall decrease in revenue for the Proprietary Fund was due primarily to the lowered reimbursement of Elkhead Reservoir operations which included the installation of a fish net in the prior year.

CAPITAL ASSETS AND DEBT ADMINISTRATION - DISTRICT WIDE

(In Thousands)

Years ended December 31,	2018	2017
Governmental Type Activities:		
Land	\$ 115	\$ 115
Building	1,201	1,201
Equipment, Furniture & Fixtures	367	403
Total Governmental Assets	1,683	1,719
Accumulated Depreciation	(953)	(949)
Net Governmental Assets	\$ 730	\$ 770
Business Type Activities:		
Land	\$ 3,091	\$ 3,091
Building	1,499	1,483
Dam Project	65,481	64,845
Recreation Area	1,152	1,074
Vehicles & Other Equipment	432	312
Total Business Type Activity Assets	71,655	70,805
Accumulated Depreciation	(16,338)	(15,338)
Net Business Type Assets	\$ 55,317	\$ 55,467
Other Assets:		
Contracts & Shares	5,931	6,148
Total Business Type & Other Assets (Net)	\$ 61,248	\$ 61,615

The changes in 2018 are primarily due to the sell-off of two vehicles, Dam Crest Restoration at Wolford Mountain reservoir, additional fencing and storage at the Wolford Mountain recreation area, repairs at Elkhead reservoir and the purchase of various equipment. Please see figure 9 for more details.

DEBT OUTSTANDING

The District does not have any Business-Type long term debt. The River District paid off the Elkhead Reservoir loan in 2016. The River District paid off the Wolford Mountain Reservoir loan in 2012. This business decision was approved by the District's Board since the interest on the loan was far greater than our investment income.

The District has four long-term contracts with the United States Bureau of Reclamation for water from Ruedi Reservoir. These contracts are legally subject to annual appropriations by the Board of Directors. These contracts were paid in full in 2016.

ECONOMIC AND OTHER FACTORS

The economic outlook of the 15 county regions, comprising the District, is generally pointed in an upward direction, rebounding nicely from the recession thanks to a diversification of the economy. The State of Colorado's Demographer is predicting that the Western Slope will grow by two-thirds by 2050. From 2004 to 2009, the District's increase in assessed valuations was primarily due to the development of natural gas and oil resources in Western Colorado. Due to a number of factors affecting the oil and gas market, District management believes that the assessed valuations will be flat or declining in the near term. Additional information is included in the Background and Transmittal letter.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the general public with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, please contact:

General Manager
Colorado River Water Conservation District
P. O. Box 1120
Glenwood Springs, CO 81602
Tel: (970) 945-8522
Fax: (970) 945-8799

Statement of Net Position

December 31, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 5,313,152	\$ 12,226,158	\$ 17,539,310
Investments	952,610	13,241,937	14,194,547
Property taxes receivable	4,328,691	-	4,328,691
Internal balances	52,335	(52,335)	-
Current portion of lease contract receivable	-	2,761,483	2,761,483
Accrued interest	9,405	193,569	202,974
Other current assets	64,640	509,022	573,662
Total Current Assets	<u>10,720,833</u>	<u>28,879,834</u>	<u>39,600,667</u>
<i>Noncurrent Assets</i>			
Lease contract receivable	-	1,451,028	1,451,028
Investments in reservoir stock and contracts	-	5,931,101	5,931,101
Notes receivables, net	151,473	53,554	205,027
<i>Capital Assets</i>			
Nondepreciable	115,000	3,091,477	3,206,477
Depreciable	1,568,754	68,562,932	70,131,686
Less accumulated depreciation	<u>(953,065)</u>	<u>(16,337,705)</u>	<u>(17,290,770)</u>
Total Noncurrent Assets	882,162	62,752,387	63,634,549
Total Assets	<u><u>\$ 11,602,995</u></u>	<u><u>\$ 91,632,221</u></u>	<u><u>\$ 103,235,216</u></u>
Liabilities			
<i>Current Liabilities</i>			
Accounts payable	\$ 217,696	\$ 364,478	\$ 582,174
Accrued salaries and payroll taxes	-	9,282	9,282
Compensated absences	275,814	116,754	392,568
Unearned revenues	<u>-</u>	<u>615,831</u>	<u>615,831</u>
Total Liabilities	493,510	1,106,345	1,599,855
<i>Deferred Inflows of Resources</i>			
Property taxes	<u>4,298,006</u>	<u>-</u>	<u>4,298,006</u>
Net Position			
Investment in capital assets	730,689	55,316,704	56,047,393
Restricted for:			
Emergencies	133,418	-	133,418
Unrestricted	<u>5,947,372</u>	<u>35,209,172</u>	<u>41,156,544</u>
Total Net Position	<u>6,811,479</u>	<u>90,525,876</u>	<u>97,337,355</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 11,602,995</u></u>	<u><u>\$ 91,632,221</u></u>	<u><u>\$ 103,235,216</u></u>

See Notes to the Basic Financial Statements

Statement of Activities

December 31, 2018

Functions/Programs	Expenses	Program Revenues		Change in Net Position		Total
		Charges for	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities		Services				
County treasurers' fees	\$ 142,884	-	-	\$ (142,884)	-	\$ (142,884)
Directors' fees, salary & expense	53,676	-	-	(53,676)	-	(53,676)
Professional and legal	3,000,330	-	-	(3,000,330)	-	(3,000,330)
General government	205,629	-	-	(205,629)	-	(205,629)
External affairs	127,954	-	-	(127,954)	-	(127,954)
Project expense	713,154	-	-	(713,154)	-	(713,154)
Depreciation - unallocated	47,391	-	-	(47,391)	-	(47,391)
Total Governmental Activities	4,291,018	-	-	(4,291,018)	-	(4,291,018)
Business-Type Activities						
Water Supply & Project Mgmt.	4,207,440	1,801,849	1,160,575	-	(1,245,016)	(1,245,016)
Total Business-Type Activities	4,207,440	1,801,849	1,160,575	-	(1,245,016)	(1,245,016)
Total District	<u>\$8,498,458</u>	<u>\$1,801,849</u>	<u>\$1,160,575</u>	<u>(\$4,291,018)</u>	<u>(\$1,245,016)</u>	<u>(5,536,034)</u>
General Revenues						
Taxes						
Property taxes				\$ 4,094,086	\$ -	\$ 4,094,086
Specific ownership taxes				343,824	-	343,824
Interest and investment earnings				96,348	246,220	342,568
Miscellaneous				16,706	-	16,706
Total General Revenues				<u>4,550,964</u>	<u>246,220</u>	<u>4,797,184</u>
Changes in Net Position				259,946	(998,796)	(738,850)
Net Position - Beginning of the Year				6,551,533	91,524,672	98,076,205
Net Position - End of the Year				<u>\$ 6,811,479</u>	<u>\$ 90,525,876</u>	<u>\$ 97,337,355</u>

See Notes to the Basic Financial Statements

Governmental Funds Balance Sheet

December 31, 2018	General	Capital Projects	Total
Assets	Fund	Fund	Governmental Funds
Cash and cash equivalents	\$ 2,277,602	\$ 3,035,550	\$ 5,313,152
Investments	-	952,610	952,610
Property taxes receivable	4,328,691	-	4,328,691
Due from other funds	2,563	49,773	52,336
Accrued Interest	-	9,405	9,405
Other current assets	64,640	-	64,640
Notes receivable (net of allowance of \$158,685)	151,473	-	151,473
Total Assets	\$ 6,824,969	\$ 4,047,338	\$ 10,872,307
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 209,643	\$ 8,054	\$ 217,697
Due to other funds	-	-	-
Total Liabilities	209,643	8,054	217,697
Deferred inflows of Resources			
Unavailable revenue-property taxes	4,298,006	-	4,298,006
Fund Balances			
Restricted for emergencies	133,418	-	133,418
Assigned (3 months expenses)	1,097,335	-	1,097,335
Assigned for Capital Projects	-	4,039,284	4,039,284
Unassigned	1,086,567	-	1,086,567
Total Fund Balances	2,317,320	4,039,284	6,356,604
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,824,969	\$ 4,047,338	\$ 10,872,307

See Notes to the Basic Financial Statements

**Reconciliation of the Governmental Funds Balance Sheet to Net Position of
Governmental Activities**

December 31, 2018

Total Fund Balances - Governmental Funds	\$ 6,356,604
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds	730,689
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds: Compensated absences	<u>(275,814)</u>
Total Net Position - Governmental Activities	<u><u>\$ 6,811,479</u></u>

See Notes to the Basic Financial Statements

**Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental**

December 31, 2018	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Property taxes	\$ 4,094,086	\$ -	\$ 4,094,086
Specific ownership taxes	343,824	-	343,824
Investment income	27,040	61,134	88,174
Property tax interest	8,175	-	8,175
Miscellaneous	6,807	9,900	16,707
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 4,479,932	\$ 71,034	\$ 4,550,966
Expenditures			
<i>Current Operating</i>			
County treasurers' fees	142,886	-	142,886
Directors' fees, salary and expense	53,676	-	53,676
Professional and legal	2,998,014	-	2,998,014
General government	185,874	28,274	214,148
Project expenses	538,998	10,491	549,489
External affairs	127,954	-	127,954
Grant program	-	163,664	163,664
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 4,047,402	\$ 202,429	\$ 4,249,831
Excess of Revenues Over (Under) Expenditures	432,530	(131,395)	301,135
Other Financing Sources (Uses)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	\$ 432,530	\$ (131,395)	\$ 301,135
Fund Balance			
Fund Balances - Beginning of Year	1,884,790	4,170,679	6,055,469
	<hr/>	<hr/>	<hr/>
Fund Balances - End of Year	\$ 2,317,320	\$ 4,039,284	6,356,604
	<hr/>	<hr/>	<hr/>

See Notes to the Basic Financial Statements

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the Statement of Activities

December 31, 2018

Total Change in Fund Balances - Governmental Funds	\$ 301,135
---	------------

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceed (are less than) depreciation expense in the period:

Capital Outlay	8,516
Depreciation Expense	(47,391)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Increase (decrease) in compensated absences	<u>(2,316)</u>
---	----------------

Change in Net Position of Governmental Activities	<u>\$ 259,944</u>
--	--------------------------

See Notes to the Basic Financial Statements

Statement of Net Position – Proprietary Funds

December 31, 2018

Assets

Current Assets

Cash and cash equivalents	\$ 12,226,158
Investments	13,241,937
Accounts receivable	509,022
Due from (to) other funds	(52,335)
Current portion of lease contract receivable	2,761,483
Accrued interest receivable	193,569
Total Current Assets	<u>28,879,834</u>

Capital Assets

Nondepreciable

Land	3,091,477
------	-----------

Depreciable

Office building	1,499,010
Vehicles, equipment, furniture and fixtures	431,636
Dam project	65,480,582
Recreation area	1,151,704
Total Capital Assets	<u>71,654,409</u>
Less accumulated depreciation	<u>(16,337,705)</u>
Net Capital Assets	<u>55,316,704</u>

Other Assets

Investment in Eagle Park Reservoir Company	2,368,122
Investment in Grand County Mutual Ditch & Reservoir Company	221,261
Investment in Ruedi Reservoir Contracts (net of accumulated amortization of \$3,630,589)	3,341,718
Lease contract receivable	1,451,028
Notes receivable (net of allowance of \$48,445)	53,554
Total Other Assets	<u>7,435,683</u>
Total Assets	<u><u>\$ 91,632,221</u></u>

Liabilities

Current Liabilities

Accounts payable	364,478
FICA/Medicare Payable	9,282
Compensated absences	116,754
Unearned revenue	615,831
Total Liabilities	<u>1,106,345</u>

Net Position

Investment in capital assets	55,316,704
Unrestricted	35,209,172
Total Net Position	<u>90,525,876</u>
Total Liabilities and Net Position	<u><u>\$ 91,632,221</u></u>

See Notes to the Basic Financial Statements

Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds

December 31, 2018	Business-Type Activity Enterprise Fund
Operating Revenues	
Denver Water interest income	\$ 415,889
Sale of water	1,191,196
Management fee	13,095
Other operating revenue	<u>181,669</u>
Total Operating Revenue	1,801,849
Operating Expenses	
Operating expenses	1,385,972
Depreciation and amortization	1,278,387
Administrative expense	<u>1,543,081</u>
Total Operating Expenses	4,207,440
Operating Income (loss)	(2,405,591)
Nonoperating Revenue (Expenses)	
Investment revenue	249,769
Joint venture loss	(3,549)
Intergovernmental revenue	1,160,575
Interest expense	<u>-</u>
Total Nonoperating Revenues	1,406,795
Change in net position	(998,796)
Total Net Position - Beginning of Year	<u>91,524,672</u>
Total Net Position - End of Year	<u><u>\$ 90,525,876</u></u>

See Notes to the Basic Financial Statements

Statement of Cash Flows – Proprietary Funds

December 31, 2018	Business-Type Activity Enterprise Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 1,515,139
Payments to suppliers	(1,827,717)
Payments to employees	(917,229)
Net Cash (used for) Operating Activities	<u>(1,229,807)</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	(849,674)
Net Cash (used for) Capital and Related Financing Activities	<u>(849,674)</u>
Cash Flows From Non-capital Financing Activities	
Intergovernmental	1,160,575
Interfund borrowing	193,911
Net Cash provided by Non-capital Financing Activities	<u>1,354,486</u>
Cash Flows From Investing Activities	
Purchase of investments	(370,247)
Proceeds from sale or maturity of investments	798,128
Interest received on investments and cash deposits	335,127
Principal received on lease contract	2,584,112
Net Cash provided by Investing Activities	<u>3,347,120</u>
Net Increase in Cash	2,622,126
Cash, Beginning of Year	9,604,032
Cash, End of Year	<u><u>\$ 12,226,158</u></u>
Reconciliation of operating loss to net cash used for operating activities	
Operating income	\$ (2,405,591)
<i>Adjustments to reconcile net operating income to net cash used in operating activities:</i>	
Depreciation, amortization and gain on disposal	1,212,799
Increase in accounts and notes receivable	(286,710)
Decrease in accounts payable	199,312
Increase in accrued expenses	434
Decrease in prepaid water fees (unearned revenue)	44,492
Increase in compensated absences	5,457
Net Cash (used for) Operating Activities	<u><u>\$ (1,229,807)</u></u>
Noncash investing and financing activities:	
Income in joint ventures	\$ (3,549)
See Notes to the Basic Financial Statements	

Statement of Fiduciary Net Position

December 31, 2018

Agency Fund

Assets

Cash and investments	\$	67,970
Accounts Receivable	\$	2,506
	\$	<u>70,476</u>

Liabilities

Due to others	\$	<u>70,476</u>
---------------	----	---------------

See Notes to the Basic Financial Statements

Notes to the Basic Financial Statements

1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Flows, Basis of Accounting and Summary of Significant Accounting Policies.

A. Nature of Operations and Reporting Entity

The Colorado River District's boundaries include all or part of 15 west central and northwest Colorado counties. The River District was created by the Colorado Legislature in 1937 and is governed by a 15-member board of directors. Each county in the River District has one director appointed to a three-year term by his or her Board of County Commissioners.

Accounting principles generally accepted in the United States of America require the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District has the statutory authority to levy taxes and to issue bonded debt without approval of another government. It has the right to be sued, and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, the District is considered a primary government and there are no other organizations or agencies whose financial statements should be combined and presented with these financial statements. The District does, however, participate in joint ventures. See Note 10 regarding these relationships.

B. Government-Wide and Fund Financial Statements

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing governmental accounting and financial reporting standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues and expenditures or expense as appropriate. The District has the following funds:

Notes to the Basic Financial Statements

Governmental Fund Types: Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Proprietary Fund Types: Proprietary funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The District reports the Enterprise fund as a major fund and is known as the Colorado River Water Projects Enterprise. The Enterprise Fund currently has one major revenue project known as the Wolford Mountain Reservoir Project. The District's major customer for the water stored in the reservoir is Denver Water that accounts for 53% of the total revenues in this fund. Other revenues to this fund include the sale of water from the Colorado and Eagle river systems plus project contributions.

Fiduciary Fund Types: The Agency Fund accounts for monies held on behalf of others in an agency capacity and cannot be used to support District activities. The District's Agency Fund reports resources held by the District in a purely custodial capacity. In 2018, the District managed the assets of the Colorado River Cooperative Agreement's (CRCA) West Slope Fund, and CRCA's two Forest Restoration Funds for Summit County and Grand County.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund financial statements. The agency fund does not have a measurement focus but is reported using the accrued basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due or has matured.

Property taxes and property tax interest, specific ownership taxes and investment income are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise fund are charges to customers for sales and services. Operating expenses for the District's Enterprise Fund include the

Notes to the Basic Financial Statements

cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balances

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, which includes local government investment pools and money market funds. State statutes govern the District's deposits of cash and investments. Investments for the District are reported at fair value, except for money market funds which are reported at amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same – that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "internal balances." Notes receivable represent receivable from employees for the home ownership program as discussed in Note 12, net of an allowance for forgiveness of accounts of \$198,571.

Investments in Reservoir Stock and Contracts

The District has certain contracted interests in water through its shares in the Grand County Mutual Ditch and Reservoir Company, Eagle Park Reservoir Company and purchase of water rights through contracts with Ruedi Reservoir. See Note 10 regarding the participation in joint ventures related to the Grand County Mutual Ditch and Reservoir Company and the Eagle Park Reservoir Company. See Note 11 regarding Ruedi Reservoir water contracts with the Bureau of Reclamation.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of the District's Enterprise Fund is included as part of the capitalized value of the assets constructed. No interest was capitalized in the current year.

Property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Dam	75 years
Building	40 years
Recreation area	20 - 40 years
Equipment	4 - 10 years

Notes to the Basic Financial Statements

Compensated Absences

The District has the following policy for earning compensated vacation pay.

1 – 6 years	12 days
6 – 12 years	18 days
12 – 18 years	24 days
18 or more years	30 days

The liabilities for accumulated vacation are accrued when incurred in the District-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements.

The District has the following policy for compensated sick leave pay: Regular Full-Time employees accrue sick leave at the rate of 1 day per month (12 days per year). Regular Part-Time employees accrue sick leave at the rate of ½ day per month (6 days per year). Employees are allowed to accumulate sick leave throughout the entire period of employment, up to a maximum of 90 days. Sick leave below the maximum of 90 days unused upon termination does not convey any monetary benefit to the employee, nor can it be used for continuation of pay or benefits beyond normal termination. Upon the end of each calendar year, accrued sick leave above 90 days must be converted at the rate of 2 to 1 as a cash equivalent contribution to the employee's Retirement Health Savings Account (RHS) plan in January of the following year. The accrued compensated absences, attributable to the governmental activities, are generally liquidated by the General Fund.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Unearned Revenues

In the Enterprise fund and business type activities column of the statement of net position, unearned revenue represents billings on the sale of water that have not yet been earned.

Interfund activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditure/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District does not report any items that qualify as a deferred outflow of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet and in the District-wide Statement of Net Position, which represents unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period for which the taxes are levied.

Notes to the Basic Financial Statements

Fund Balance

The District has adopted GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications and clarifying the definitions of existing governmental fund types. As a result, fund balances are reported in classifications based on the extent to which the District is bound to honor constraints for specific purposes on which amounts in the Fund can be spent. In the governmental fund financial statements, fund balances can be classified as follows:

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned: Amounts constrained by the District’s intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the General Manager, or designee.

Unassigned: All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

Fund balance flow assumption

When both unassigned and restricted or assigned resources are available for use, it is the District’s policy to use restricted or assigned resources first, then unassigned resources as needed.

Net Position

Represent the difference between assets, liabilities, and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets, if any. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. As of December 31, 2018, the District has \$133,418 of restricted net position for enabling legislation for emergencies. Unrestricted net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Net position flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid in two equal payments. To avoid penalties, the first half must be paid before March 1, and the second half must be paid on or before June 15. Alternatively, the taxes may be paid in full by April 30. All unpaid tax becomes delinquent June 16. Property taxes are levied and collected on behalf of the District by various counties and are reported as revenue by the District in the year in which the tax is budgeted and levied. Since the 2018 tax levy is budgeted and levied for the fiscal year 2019, the revenue from this tax levy has been reported as a deferred inflow of resources in both the Fund and the District-wide financial statements.

Notes to the Basic Financial Statements

2. Interfund Receivables/Payables and Transfers

Figure 1 - Individual interfund receivable and payable balances as of December 31, 2018 are as follows:

	Due From Other Funds	Due to Other Funds
Major funds:		
General fund	\$ 2,562	\$ -
Capital projects fund	49,773	-
Enterprise fund	-	52,335
	<u>\$ 52,335</u>	<u>\$ 52,335</u>

Interfund balances result from the time lag between the dates that 1) interfund goods or services are provided or reimbursable expenditures occur, 2) transactions are recorded and 3) payments between funds are made.

The following is a schedule of transfers as included in the basic financial statements of the District:

	Transfers In	Transfers Out
General fund	\$ -	\$ -
Capital projects fund	-	-
	<u>\$ -</u>	<u>\$ -</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

3. Stewardship, Compliance, and Accountability

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and Capital Project funds. The Enterprise fund is presented on the basis of revenue, lease receipts, and expenditures. All annual appropriations lapse at fiscal year-end. Encumbrances are not employed by the District.

4. Cash, Cash Equivalents, and Investments

A reconciliation of cash, cash equivalents and investments as shown in the financial statements is as follows:

Figure 2 - Cash and Investments

	Balance as of December 31, 2018		
Cash on hand	\$ 384		
Deposits	5,451,590		
Investments	26,349,853		
	<u>\$ 31,801,827</u>		
	Government-wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Cash on Hand/Checking/Money Market	\$ 5,384,004	\$ 67,970	\$ 5,451,974
Local Government Investment Pools (LGIP)	12,155,306	-	12,155,306
Total Cash and Cash Equivalents	<u>17,539,310</u>	<u>67,970</u>	<u>17,607,280</u>
Investments	\$ 14,194,547	\$ -	14,194,547
Total cash, cash equivalents, and investments reported in District financial statements	<u>\$ 31,733,857</u>	<u>\$ 67,970</u>	<u>\$ 31,801,827</u>

Notes to the Basic Financial Statements

Interest rate risk: Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The District maintains an investment policy that limits investment maturities to five years for the General Fund and ten years for the Enterprise Fund, as a means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Investments subject to interest rate risk disclosures are shown below.

Figure 3 - Investments as of December 31, 2018

Investment name	Maturity	Fair value
Certificates of Deposit:		
Wells Fargo	03/11/19	244,586
CitiBank	04/13/20	244,162
Ally	04/27/20	241,727
Sallie Mae	04/27/20	241,727
First Bank	12/07/20	107,865
CCB Utah	10/29/21	233,554
CapOne	11/02/21	233,595
CapOne	11/02/21	233,595
Discover	11/02/21	233,595
Amer. Express	12/01/21	236,217
Goldman Sachs	04/26/22	238,214
Amer. Express	05/03/22	236,374
Synchrony	06/02/22	131,049
UBS	06/13/23	123,664
U.S. Government Agencies:		
FFCB	02/19/19	499,225
FFCB	02/22/19	499,185
FFCB	05/23/19	497,590
FFCB	03/02/20	493,445
FFCB	03/01/21	490,420
FFCB	09/08/26	928,120
FFCB	07/13/20	1,010,173
FNMA	09/24/20	489,825
FNMA	12/23/20	491,400
FNMA	07/27/21	966,115
FHLB	10/11/19	493,900
FHLB	10/25/23	478,955
FHLB	07/19/24	952,610
FHLMC	07/27/26	471,650
FHLMC	03/30/21	495,680
FHLMC	04/28/21	987,320
U.S. Treasury Note	10/31/21	969,010
Total		\$ 14,194,547

Notes to the Basic Financial Statements

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General Obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

State law limits investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. At December 31, 2018, the District's investments in debt securities were rated as follows:

Figure 4

Investment	Rating	Company	Rating	Company
FHLB	AA+	Standard & Poor's	Aaa	Moody's
FFCB	AA+	Standard & Poor's	Aaa	Moody's
FNMA	AA+	Standard & Poor's	Aaa	Moody's
FHLMC	AA+	Standard & Poor's	Aaa	Moody's

The District's certificates of deposit were not rated but were FDIC insured.

Concentration of credit risk: The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. It is the policy of the District to invest public funds in a manner which will provide the highest investment return with the maximum security, meet the daily cash flow demands of the District, and conform to all federal and state statutes governing the investment of public funds. This policy applies to the investment of all financial assets of all funds of the District over which it exercises financial control. In addition, it is also the policy of the District that no more than 50% of the District's funds may be invested in any single money market mutual fund or in any single local government investment pool (LGIP). As of December 31, 2018, the District invested in three LGIPs (COLOTRUST PRIME, COLOTRUST PLUS and CSAFE) and one Institutional Money Market Funds none of which exceeded 50% of the total District funds.

COLOTRUST PRIME, COLOTRUST PLUS and CSAFE are Registered Local Government Investment Pools with the Colorado Division of Securities and meet Standard & Poor's investment guidelines to achieve an AAAM Rating, the highest attainable rating for a LGIP. All three pools are regulated by the Colorado Securities Commissioner, with quarterly reporting and annual audits required. Pool investments consist of U.S. Treasury bills, notes and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or instrumentalities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool. The COLOTRUST pools seek to maintain a constant net asset value of \$1 per share and are reported at fair value measured using NAV by the District, the CSAFE pool value is reported at amortized cost.

Notes to the Basic Financial Statements

The District also maintains other investment policies to ensure proper diversification by security type and institution. Investments in any one issuer that represent 5 percent or more of the District's total investments are as follows:

FFCB – 31.13%
FNMA – 13.72%
FHLB – 13.57%
FHLMC – 13.77%

Investments issued or explicitly guaranteed by the US government and investments in mutual funds, external investment pools, and other pooled investments are excluded from concentration of credit risk.

Custodial Credit risk:

Deposits

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's monies from various funds are consolidated into a unified portfolio to maximize earnings. Earnings from the portfolio are distributed based on monthly Funds' balances.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA. The District's bank deposits were entirely covered by federal depository insurance (FDIC) or collateralized under PDPA in accordance with state statute.

Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g. broker-dealer) to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of December 31, 2018, the District's investments were not exposed to custodial credit risk.

The District was not subject to foreign currency risk as of December 31, 2018.

Fair Value Measurement: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities and gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. These measurements are described as follows:

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Notes to the Basic Financial Statements

Inputs: If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The District has the following recurring fair value measurements as of December 31, 2018:

	12/31/2018	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level				
Certificates of Deposit	2,979,924	2,979,924	-	-
U.S. Government Agencies	10,245,613	10,245,613	-	-
U.S. Treasury Notes	969,011	969,011	-	-
		<u>14,194,548</u>	<u>-</u>	<u>-</u>
Investments measured at NAV				
Colotrust	9,017,190			
Investments measured at amortized cost				
Money Market Mutual Funds	733			
CSAFE	<u>3,137,383</u>			
	<u>26,349,854</u>			

5. Pension and Deferred Compensation and RHS Plans

Pension Plan

The District provides pension benefits for all of its full-time employees through a defined contribution plan known as the Colorado River Water Conservation District Pension Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered by ICMA-RC. Employees are eligible to participate after one year of service. The District contributes 10% of the employee's annual compensation. The pension contribution rate was established by, and can only be amended with, the approval of the Board of Directors. The District's contributions for all currently active employees (and investment earnings allocated to the employee's account) are now fully vested.

The District's total gross payroll for 2018 was \$2,762,155. The District's contributions were calculated using a base salary amount for eligible employees of \$2,543,388. The District made the required 10% contribution totaling \$254,339.

There are 34 participants in the plan (including 9 who are not current employees). As of December 31, 2018, the accumulated plan assets were \$5,916,021. The assets in the pension plan experienced a loss of \$351,208 in 2018. The plan assets are reported at fair value using quoted market prices.

Deferred Compensation Plan

The District provides all employees with the opportunity to participate in a deferred compensation plan. All assets of the plan belong to the plan participants. At December 31, 2018 the plan net assets were \$5,677,315. The District has elected to match employee contributions up to \$2,400 per year per employee between the 457 and RHS plans. The contributions are based on their age as follows: Under 40 - \$2,400; 40 up to 50 - \$1,600; 50 up to 55 - \$800; 55 and older - No Match. During the year, the District contributed \$25,967 in matching funds. This plan is administered by ICMA-RC.

RHS (Retirement Health Saving) Plan

The District contributes to employee plans by two defined methods: 1) Excess sick (over 720 hours) and excess vacation (2x annual accrual) on a 2-1 ratio, 2) Matching contributions up to \$2,400 depending on the employee's age as follows: Under 40 - No Match; 40 up to 50 - \$800; 50 up to 55 - \$1,600; 55 and older - \$2,400. During

Notes to the Basic Financial Statements

the year the District contributed \$43,164 for a year-end accumulated plan asset balance of \$1,546,117. This plan is also administered by ICMA-RC.

6. Net Investment in Sales-Type Lease for the year ended December 31, 2018

Figure 5 - Components of Investment in Sales-type Lease

Description	Amount
Net minimum lease payments receivable	\$ 4,500,000
Less unearned income (representing interest)	(287,490)
Net investment in sales-type lease	<u>\$ 4,212,510</u>

The District's leasing operation consists of the leasing of storage space in a reservoir and use of water therein to Denver Water. The revenues under this lease are pledged as collateral under the loan with the Colorado Water Conservation Board (see note 7), prior to the loan being paid off in 2016.

Figure 6 - Maturities Under Sales-type Lease

Year	Interest	Principal	Total
2019	238,518	2,761,482	3,000,000
2020	48,972	1,451,028	1,500,000
Total	<u>\$ 287,490</u>	<u>\$ 4,212,510</u>	<u>\$ 4,500,000</u>

7. Long-term Liabilities

Figure 7 - Long-term Liabilities Activity for the year ended December 31, 2018

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government Activities:					
Compensated absences	\$ 273,498	\$ 168,593	\$ 166,277	\$ 275,814	\$ 275,814
Long-term Liabilities	<u>\$ 273,498</u>	<u>\$ 168,593</u>	<u>\$ 166,277</u>	<u>\$ 275,814</u>	<u>\$ 275,814</u>
Business-type Activities:					
Compensated absences	\$ 111,297	\$ 63,950	\$ 58,493	\$ 116,754	\$ 116,754
Long-term Liabilities	<u>\$ 111,297</u>	<u>\$ 63,950</u>	<u>\$ 58,493</u>	<u>\$ 116,754</u>	<u>\$ 116,754</u>

The District does not have any note payables as of December 31, 2018.

Notes to the Basic Financial Statements

8. Capital Assets

Figure 9 - Capital Asset Activity for the year ended December 31, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 115,000	\$ -	\$ -	\$ 115,000
Total capital assets, not being depreciated	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>115,000</u>
Capital Assets, being depreciated:				
Building	1,201,289	-	-	1,201,289
Equipment, Furniture and Fixtures	402,607	8,518	(43,660)	367,465
Total capital assets, being depreciated	<u>1,603,896</u>	<u>8,518</u>	<u>(43,660)</u>	<u>1,568,754</u>
Less accumulated depreciation for:				
Building	(574,796)	(33,564)	-	(608,360)
Equipment, Furniture and Fixtures	(374,538)	(13,827)	43,660	(344,705)
Total accumulated depreciation	<u>(949,334)</u>	<u>(47,391)</u>	<u>43,660</u>	<u>(953,065)</u>
Total capital assets, being depreciated, net	<u>654,562</u>	<u>(38,873)</u>	<u>-</u>	<u>615,689</u>
Governmental activities capital assets, net	<u>\$ 769,562</u>	<u>\$ (38,873)</u>	<u>\$ -</u>	<u>\$ 730,689</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,091,477	\$ -	\$ -	\$ 3,091,477
Total capital assets, not being depreciated	<u>3,091,477</u>	<u>-</u>	<u>-</u>	<u>3,091,477</u>
Capital assets, being depreciated:				
Building	1,482,571	16,439	-	1,499,010
Dam Project	64,844,634	635,948	-	65,480,582
Recreation Area	1,074,186	77,519	-	1,151,705
Vehicles and Other Equipment	311,868	119,768	-	431,636
Total capital assets, being depreciated	<u>67,713,259</u>	<u>849,674</u>	<u>-</u>	<u>68,562,933</u>
Less accumulated depreciation for:				
Building	(301,772)	(42,879)	-	(344,651)
Dam Project	(14,234,492)	(894,895)	-	(15,129,387)
Recreation Area	(554,256)	(36,071)	-	(590,327)
Vehicles and Other Equipment	(247,691)	(25,649)	-	(273,340)
Total accumulated depreciation	<u>(15,338,211)</u>	<u>(999,494)</u>	<u>-</u>	<u>(16,337,705)</u>
Total capital assets, being depreciated, net	<u>52,375,048</u>	<u>(149,820)</u>	<u>-</u>	<u>52,225,228</u>
Business-type activities capital assets, net	<u>\$ 55,466,525</u>	<u>\$ (149,820)</u>	<u>\$ -</u>	<u>\$ 55,316,705</u>

The depreciation expense, for governmental activities, is shown as unallocated on the Statement of Activities.

Notes to the Basic Financial Statements

9. Commitments and Contingencies

Risk Management

The District is exposed to various risks of loss related to injuries of employees while on the job, property loss and torts committed by the District or its employees. The District has purchased commercial insurance to cover these potential losses. There has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, also known as the Tax Payers Bill of Rights (TABOR) Amendment or Amendment 1, which has several limitations, including revenue raising, spending abilities, and other specific requirements for state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance. As of December 31, 2018, the amount required as an emergency reserve in compliance with the amendment is \$133,418 and is shown as a restriction of fund balance and net position in the General Fund and governmental activities, respectively.

Other Legal Matters

As a result of its involvement with matters of water rights, in the normal course of business the District becomes party to various claims and litigation regarding such matters. While it is reasonable to expect that some of these cases will result in an unfavorable outcome to the District, legal counsel for the District believes any such unfavorable outcome would not materially affect the District's financial position.

Commitments

In a 2011 and 2012 agreement, the District committed to two credits for Tri-State Generation & Transmission Association, INC. In exchange for Tri-State abandoning and cancelling certain water rights, the District agrees to provide Tri-State a \$75,000 credit towards service charges for Elkhead Reservoir operations, water marketing, or a combination of the two. The credit is redeemable in annual increments not to exceed \$12,500 per year, and is non-transferrable. The 2011 agreement, for \$25,000, expires November 29, 2031. The 2012 agreement, for \$50,000, expires January 11, 2032.

Notes to the Basic Financial Statements

10. Joint Ventures

A) The District participates in a joint venture with the Bluestone Water Conservancy District. The original joint venture, the Bluestone Management Committee, was formed to provide for the collection of revenues on water that has been leased to outside parties. This joint venture does not meet the criteria for inclusion within the reporting entity because it has a separate governing board from that of the District, and the District appoints only half of the members of the Board. In March of 2015 the Bluestone Management Committee, formed the Kobe Water Authority and obtained their own EIN.

Financial statements of the Bluestone Management Committee and the Kobe Water Authority can be obtained from the District.

B) The District participates in a joint venture with Grand County Mutual Ditch and Reservoir Company, a nonprofit organization. The Company was formed to purchase shares of the Grand County Irrigation & Land Co including the right to request or receive delivery of water and all beneficial right, title and interest in and to all water rights represented by said shares. The Grand County Mutual Ditch and Reservoir Company issued twenty four shares of common stock allocated proportionally as four shares to the six separate legal entities, including the Colorado River Water Conservation District. The Board of Directors consists of 6 members, one from each of the six shareholders. The District has an ongoing equity interest in the Grand County Mutual Ditch and Reservoir Company of 16.7% or 1/6. As of December 31, 2018, the District's investment in this Company totaled \$217,712. Separate audited financial statements of the Grand County Mutual Ditch Company can be obtained from their office at P.O. Box 824 Winter Park, Colorado 80482.

C) The District participates in a joint venture with Eagle Park Reservoir Company, a nonprofit organization along with three other separate legal entities. The Company was formed to acquire water diversion, storage facilities and water rights and operate its water storage facilities located in Eagle County, Colorado, and to deliver water on behalf of its stockholders. The District has a 7.98% interest in the Eagle Park Reservoir Company and currently owns 2,065 of Class A stock out of a total of 25,890 shares and 225 Class B stock of a total of 1000 shares. As of December 31, 2018, the District's investment in this Company totaled \$2,365,807. Separate audited financial statements of the Eagle Park Reservoir Company can be obtained from their office at 846 Forest Road, Vail Colorado 81657.

11. Water-purchase Contracts

The District has four contracts in place for the purchase of water from the Bureau of Reclamation's Ruedi Reservoir. The District obtained these water contracts for use in the operations of its Colorado River Water Projects Enterprise fund. The investment in these contracts is being amortized over the life of the agreements (25 years) through 2032. The total value of these contracts is \$3,341,718, net of accumulated amortization of \$3,854,061 and is recorded as an investment in Ruedi Reservoir Contracts on the Statement of Net Position.

12. Employee Home Ownership Program

In 2008, the Board approved an Employee Home Ownership Program. Employees may be eligible for up to 20% of the purchase price or \$50,000, whichever is less. Up to 60% of the loan could be forgiven contingent upon 15 years of continuous employment. As of December 31, 2018, eleven employees have enrolled in this program. The balance of the note receivable from employees as of December 31, 2018 was \$205,027 net of an allowance for doubtful accounts of \$198,571, which is recorded in both the General Fund and the Enterprise Fund.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) – General Fund

December 31, 2018	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	\$ 4,203,314	\$ 4,115,631	\$ 4,094,087	\$ (21,544)
Specific ownership taxes	279,420	322,500	343,824	21,324
Investment income	18,538	26,859	27,040	181
Property Tax Interest	-	-	8,175	8,175
Miscellaneous	6,271	7,500	6,806	(694)
Total Revenues	\$ 4,507,543	\$ 4,472,490	\$ 4,479,932	\$ 7,442
Expenditures				
Current Operating				
County treasurers' fees	145,284	146,830	142,886	3,944
Directors' fees, salary and expense	69,280	64,890	53,676	11,214
Professional and legal	3,522,018	3,311,204	2,998,014	313,190
General government	274,104	265,900	185,874	80,026
External affairs	239,625	198,750	127,954	70,796
Project expense	656,121	606,509	538,998	67,511
Emergency and contingency	142,834	133,418	-	133,418
Total Expenditures	\$ 5,049,266	\$ 4,727,501	\$ 4,047,402	\$ 680,099
Excess (Deficiency) of Revenues Over Expenditures	\$ (541,723)	\$ (255,011)	\$ 432,530	
Other Financing (Uses)				
Operating transfers in (out)	-	-	-	
Total Other Financing (Uses)	-	-	-	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ (541,723)	\$ (255,011)	432,530	
Fund Balance - Beginning of Year			1,884,790	
Fund Balance - End of Year			\$ 2,317,320	

Supplementary Information

Statement of Property Taxes Collected Compared to Budget – General Fund

December 31, 2018			Variance
County	Budget	Actual	Favorable (Unfavorable)
Delta	\$ 74,926	\$ 71,632	\$ (3,294)
Eagle	790,961	786,655	(4,306)
Garfield	553,369	549,961	(3,408)
Grand	167,508	160,966	(6,542)
Gunnison	149,156	151,127	1,971
Hinsdale	13,762	13,157	(605)
Mesa	469,115	456,702	(12,413)
Moffat	98,216	98,081	(135)
Montrose	122,527	118,489	(4,038)
Ouray	40,175	39,446	(729)
Pitkin	787,768	786,983	(785)
Rio Blanco	209,095	207,508	(1,587)
Routt	274,708	282,735	8,027
Saguache	891	889	(2)
Summit	474,327	447,191	(27,136)
Total Property Taxes	<u>\$ 4,226,504</u>	<u>\$ 4,171,522</u>	<u>\$ (54,982)</u>
Delinquent Taxes	-	6,141	6,141
Less: Tax Credits & Tax Abatements	<u>-</u>	<u>(83,576)</u>	<u>(83,576)</u>
Total Property Taxes Collected	<u><u>\$ 4,226,504</u></u>	<u><u>\$ 4,094,087</u></u>	<u><u>\$ (132,417)</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Fund

December 31, 2018	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues				
Investment Income (Loss)	\$ 10,000	\$ 50,000	\$ 61,133	\$ 11,133
Miscellaneous	-	-	-	-
Total Revenues	\$ 10,000	\$ 50,000	\$ 61,133	\$ 11,133
Expenditures				
Grant program	\$ 250,000	\$ 280,403	\$ 163,663	\$ 116,740
Other capital outlay	138,900	14,500	18,374	(3,874)
Other	20,000	10,500	10,491	9
Total Expenditures	\$ 408,900	\$ 305,403	\$ 192,528	\$ 112,875
Excess of Revenues Over (Under) Expenditures	<u>\$ (398,900)</u>	<u>\$ (255,403)</u>	<u>\$ (131,395)</u>	
Other Financing Sources				
Transfers in	-	-	-	
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (398,900)</u>	<u>\$ (255,403)</u>	<u>\$ (131,395)</u>	
Fund Balance - Beginning of Year			<u>\$ 4,170,679</u>	
Fund Balance - End of Year			<u>\$ 4,039,284</u>	

Schedule of Revenues, Expenditures and Changes in Net Position– Budget and Actual (Budgetary Basis) Colorado River Water Projects Enterprise Fund

December 31, 2018	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Receipts				
Denver Water lease receipts	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ -
Sale of water including capital contributions	1,205,000	1,143,200	1,191,196	47,996
Investment Income (loss)	100,000	300,000	249,769	(50,231)
Miscellaneous	97,000	100,000	180,659	80,659
Joint Venture Income	-	12,500	(3,549)	(16,049)
Management Fee	5,000	15,000	13,095	(1,905)
Project Contributions	2,145,000	3,609,212	650,657	(2,958,555)
Grant	70,000	275,466	200,049	(75,417)
Elkhead Operations Reimbursements	253,875	310,878	310,878	-
Total Receipts	\$ 6,875,875	\$ 8,766,256	\$ 5,792,754	\$ (2,973,502)
Expenditures				
Directors' salaries, fees and expenses	23,110	21,130	17,003	4,127
Staff salaries	865,831	851,685	928,143	(76,458)
Salary overhead	334,249	318,098	326,538	(8,440)
Travel & Education	73,225	59,884	52,694	7,190
Legal	120,750	84,500	36,466	48,034
Administrative expenses	145,172	158,050	139,665	18,385
External affairs	79,875	66,250	42,572	23,678
Technical support	104,271	316,824	295,040	21,784
Capital outlay	-	-	-	-
Wolford Mountain	1,789,200	1,156,450	108,127	1,048,323
Mitigation	200,000	35,000	19,201	15,799
Yampa Projects	320,290	214,851	116,481	98,370
Eagle River projects	32,000	32,000	31,648	352
Roaring Fork Projects	33,000	41,724	41,679	45
Project Development	3,537,000	3,423,000	773,795	2,649,205
Debt service-principal	-	-	-	-
Debt service - interest	-	-	-	-
Total Expenditures	\$ 7,657,973	\$ 6,779,446	\$ 2,929,052	\$ 3,850,394
Excess of Receipts Over (Under) Expenditures	\$ (782,098)	\$ 1,986,810	\$ 2,863,702	
Reconciliation of Budgetary Basis to GAAP Basis:				
Depreciation and amortization			(1,278,387)	
Remove Capital Outlay			-	
Remove Denver Water lease receipts			(3,000,000)	
Remove Debt Service Principal			-	
Add Denver Water interest income			415,889	
Change in net assets - GAAP basis			\$ (998,796)	

Schedule of Changes in Assets and Liabilities - Agency Fund

December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
Assets				
Cash and investments	\$ 13,455	\$ 57,021	\$ -	\$ 70,476
Total Assets	<u>\$ 13,455</u>	<u>\$ 57,021</u>	<u>\$ -</u>	<u>\$ 70,476</u>
Liabilities				
Due to Others	<u>\$ 13,455</u>	<u>\$ 57,021</u>	<u>\$ -</u>	<u>\$ 70,476</u>



Colorado River District

Protecting Western Colorado Water Since 1937

MEMORANDUM

JULY 3, 2019

TO: BOARD OF DIRECTORS

FROM: ANDY MUELLER, GENERAL MANAGER

SUBJECT: GENERAL MANAGER'S UPDATE

ACTION: *Specific Board actions are requested on the following items and staff's recommendations are detailed in the issue specific memorandums attached to this memo:*

- c.i. Staff respectfully requests that the Board approve an amendment to CA12004, with Hydros Consulting, Inc. in the amount of \$9,474.03 increasing the total amount authorized under this contract to \$579,474.03, \$125,000.00 of which was contributed by the CWCB as a cost share.*
 - c.ii. Staff seeks authorization to enter into a new eighteen month continuing services contract with Hydros Consulting, Inc. in an amount not to exceed \$100,000.00 for modeling work related to the District's preparation for the Interim Guideline negotiations, including, potentially work directed by District staff on behalf of the UCRC.*
 - e. Staff requests that the Board approve the proposed changes to the 2019 Employment Policies and Procedural Guidelines as explained in Audrey Turner's memo and in the applicable redlined sections of the Employment Policies and Procedural Guidelines attached.*
 - k. Staff requests the Board authorize the General Manager to enter into a contract amendment with Harvey Economics (CA17014-B) for an additional \$25,000 to continue providing economic analysis of power generation impacts related to the alternatives being considered for Three Lakes System NEPA analysis (Grand County also anticipates contributing an additional \$25,000 for this work).*
 - l. Staff requests authorization for the General Manager, after review and approval of the legal department, to execute contracts associated with fiscal agency of the Yampa Integrated Water Management Plan not to exceed \$150,000 and cumulatively no more than \$425,000.*
-

- a. Risk Study Phase III and West Slope Basin Roundtables Meeting.*

APPLICABLE STRATEGIC INITIATIVE(S):

4. Colorado River Supplies:

4. A. The River District will advocate for full use of its Colorado River Basin water supplies for the benefit of the District's inhabitants, without undue risk of overdevelopment.

4. B. The River District will advocate for full protection and preservation of water rights perfected by use prior to the effective date of the 1922 Compact and thereby excluded from curtailment in the event of compact administration.

4. C. The River District will continue to study mechanisms, such as a Compact Water Bank and Contingency Planning that include demand management, drought operations of CRSP reservoirs, and water supply augmentation to address the risk of overdevelopment.

4. D. The River District will work with the State Engineer's Office and other interested parties to develop an equitable mechanism for potential compact administration.

6. Agricultural Water Use:

6. A. The River District will continue to study the concept of a voluntary and compensated compact water bank in collaboration with other stakeholders to best preserve western Colorado agriculture.

6. B. The River District will explore alternative transfer methods that allow agricultural water users to benefit from the value of their water rights without the permanent transfer of the rights, and without adverse impacts to the local communities and the regional economy.

6. C. Although the River District recognizes that some reductions in demands of agricultural water rights may be necessary to protect existing water uses in the basin, the District will work to ensure that the burden of demand reduction is shared across all types of water use sectors, and that agricultural water rights, and agriculture itself, are not injured.

6. D. The River District will protect the integrity of senior agricultural water rights within Colorado's prior appropriation system, recognizing the potential risks to those rights posed by the constitution's municipal right of condemnation.

8. Colorado's Water Plan:

8. B. The River District will work with the, Southwest Water Conservation District, the Southwest Basin Roundtable and the three Basin Roundtables that comprise the District to achieve a consistent West Slope perspective related to contingency planning and compact administration risk matters.

8. E. The River District will work to ensure that the IBCC Conceptual Framework is honored and fairly implemented.

At the Board meeting, John Currier will present the Risk Study findings to date. The presentation will be similar to the presentation at the 4-Basin Roundtable meeting on June 20. The packet attached to this memo (**which can be accessed by clicking on this link**) provided to attendees in advance of the June 20 meeting is attached and includes: 1) 8 pages of summary and background information prepared by the BRT chairs, 2) the slide deck that will be presented, and 3) background and supporting information for the slide deck. We are hopeful that providing this information to directors in advance will maximize the benefit to each of you and allow for a robust Q&A session. Completion of the Phase III is scheduled for the end of this summer. Remaining work includes some additional modeling and completion of the final report. The primary modeling task remaining is evaluating the risk reduction associated with a 500,000 acre-foot demand management storage pool in Lake Powell. Since the original scope of work for Phase III was drafted before the DCP documents were finalized this task has been remodeled to more accurately reflect the impact of a

500,000 AF demand management pool in Powell that can be used only for compact compliance purposes. We may be able to provide some update on that aspect of the modeling at the meeting.

One of the goals of the Risk Study is to be open and transparent with the modeling so water users throughout the state are comfortable with a common modeling platform. To that end, a meeting with the Front Range Water Council technical team and their consultants is scheduled for August 14.

b. **Drought Contingency Planning and Demand Management Update.**

APPLICABLE STRATEGIC INITIATIVE(S):

4. Colorado River Supplies:

4. A. The River District will advocate for full use of its Colorado River Basin water supplies for the benefit of the District's inhabitants, without undue risk of overdevelopment.

4. B. The River District will advocate for full protection and preservation of water rights perfected by use prior to the effective date of the 1922 Compact and thereby excluded from curtailment in the event of compact administration.

4. C. The River District will continue to study mechanisms, such as a Compact Water Bank and Contingency Planning that include demand management, drought operations of CRSP reservoirs, and water supply augmentation to address the risk of overdevelopment.

4. D. The River District will work with the State Engineer's Office and other interested parties to develop an equitable mechanism for potential compact administration.

6. Agricultural Water Use:

6. A. The River District will continue to study the concept of a voluntary and compensated compact water bank in collaboration with other stakeholders to best preserve western Colorado agriculture.

6. B. The River District will explore alternative transfer methods that allow agricultural water users to benefit from the value of their water rights without the permanent transfer of the rights, and without adverse impacts to the local communities and the regional economy.

6. C. Although the River District recognizes that some reductions in demands of agricultural water rights may be necessary to protect existing water uses in the basin, the District will work to ensure that the burden of demand reduction is shared across all types of water use sectors, and that agricultural water rights, and agriculture itself, are not injured.

6. D. The River District will protect the integrity of senior agricultural water rights within Colorado's prior appropriation system, recognizing the potential risks to those rights posed by the constitution's municipal right of condemnation.

8. Colorado's Water Plan:

8. B. The River District will work with the, Southwest Water Conservation District, the Southwest Basin Roundtable and the three Basin Roundtables that comprise the District to achieve a consistent West Slope perspective related to contingency planning and compact administration risk matters.

8. E. The River District will work to ensure that the IBCC Conceptual Framework is honored and fairly implemented.

As many of you are aware, the seven states and the federal government formally executed the Drought Contingency Plan documents on May 20 at the Hoover Dam. The Lower Basin is moving quickly towards implementation of the water savings measures called for in the documents. The Upper Division states are commencing their formal study of an Upper Basin Demand Management program. To that end, John Currier and I participated in a meeting of water users, state officials and NGO representatives in Salt Lake City on June 21. It was extremely useful to hear directly from the other states and their water users. There is a wide range of perspectives among water users on demand management and there is significant concern regarding the implications for major new diversion projects. Everyone in the room agreed upon one thing, that significant study and thought needs to take place before any such program is implemented in the Upper Basin.

On June 27, John Currier, Dave Kanzer, Peter Fleming and I participated in a workshop with the UCRC and advisors from the other three Upper Division states. It was an interesting discussion focusing on the development of information and strategy for the upcoming renegotiation of the interim guidelines. The group also had a good discussion on the potential extension of the 2011 Basin Fund Memorandum of Agreement, which has provided funds from power generation to repair Bureau of Reclamation projects, such as those in the Lower Gunnison and the Silt Project. At the formal UCRC meeting the next day, there was an interesting presentation and discussion of the Western Area Power Administration (WAPA) and its role in generating revenue from energy production. This discussion was of particular interest due to the fact that protecting the power pool in Powell has, at least in many people's minds, potentially significant impacts on the operation and desirability of a functioning Demand Management storage account in Lake Powell.

Within the State of Colorado, the CWCBC continues to inch forward toward activating the demand management workgroups with a public webinar for all workgroup members scheduled to take place on July 15 and possible individual workgroup meetings in August or September. Still unresolved as of the writing of this memorandum is the issue of the proposed non-disclosure agreement. We continue to advocate for a process which involves public disclosure and discussion of the work group activities in a format which provides room for the participants to explore a wide variety of ideas and concepts without fear of attribution outside the meetings. The staff at the CWCBC has recently assured me that we are close to reaching an agreement on our concerns regarding strict confidentiality. It is my hope that we have a potential resolution of this issue to bring to you at the Board meeting.

We plan to move forward shortly with our River District Demand Management Task Force comprised of water users so that we can develop some consensus on the West Slope with respect to potential rules and help guide the development of a program at the state and even an Upper Basin level.

Included in the packet is the final report summarizing the Grand Valley Water Users Association (GVWUA) Conserved Consumptive Use Pilot Projects (CCUPP) for 2017 and 2018. The report summarizes the types of fallowing efforts investigated, the payments to participants and GVWUA, project administration methodology, and verification efforts. The information gained from the CCUPP has been very valuable to GVWUA and will continue to be of value to the West Slope

and entire state as demand management is investigated in the context of the Drought Contingency Plan. Additional detailed information can be found in the report appendices that are too voluminous to be included in the board packet. If directors wish to obtain the appendices please let Lorra Nichols know and she will forward the documents to you electronically.

- c. **Approval of Contract Amendment with Hydros Consulting, re: Upper Basin Compact/Contingency Planning, and Approval of Continuing Services Agreement with Hydros Consulting.**

APPLICABLE STRATEGIC INITIATIVE(S):

4. Colorado River Supplies:

4. A. The River District will advocate for full use of its Colorado River Basin water supplies for the benefit of the District's inhabitants, without undue risk of overdevelopment.

4. B. The River District will advocate for full protection and preservation of water rights perfected by use prior to the effective date of the 1922 Compact and thereby excluded from curtailment in the event of compact administration.

4. C. The River District will continue to study mechanisms, such as a Compact Water Bank and Contingency Planning that include demand management, drought operations of CRSP reservoirs, and water supply augmentation to address the risk of overdevelopment.

4. D. The River District will work with the State Engineer's Office and other interested parties to develop an equitable mechanism for potential compact administration.

8. Colorado's Water Plan:

8. B. The River District will work with the, Southwest Water Conservation District, the Southwest Basin Roundtable and the three Basin Roundtables that comprise the District to achieve a consistent West Slope perspective related to contingency planning and compact administration risk matters.

8. E. The River District will work to ensure that the IBCC Conceptual Framework is honored and fairly implemented.

- i. **Final Amendment to Hydros Consulting Contract for Colorado River Modeling for the River District and UCRC.**

In 2012, the District entered into a contract with Hydros Consulting, Inc. to provide hydrologic modeling for the District and the UCRC related to the risks presented by the sustained drought in the Colorado River Basin. This contract was amended no less than twelve times between 2012 and January of 2018. Through this contract, John Carron, the team at Hydros, and the River District team provided invaluable information and modeling to the four states of the Upper Division. This modeling work informed the Upper Division representatives with respect to the significant risks posed by a sustained drought, climate change and the apparent aridification of the Colorado River Basin. Hydros' work under this contract was apart and separate from the work Hydros has done for the River District, Southwestern Water Conservation District and the West Slope roundtables for Phases I, II and III of the Risk Study.

The total amount billed and paid over the last seven years under this contract was \$579,474.03. With the exception of \$125,000.00 paid by the CWCBC, our District has funded all of Hydros' work on this matter to the tune of \$454,474.03. Through amendment 12 to the contract, the Board approved a total contract amount of \$570,000.00. We are currently \$9,474.03 over the authorized amount. At this point, we would like to terminate this contract, but before doing so, we would ask that the Board approve an amendment to authorize the total amount expended under this contract to date, \$579,474.03.

ii. New Contract with Hydros Consulting for River District Colorado River Modeling

As mentioned above, the work performed by Hydros Consulting and the River District for the UCRC has been truly beneficial to the entire Upper Basin. There is a foreseeable need for additional work related to the risks and variables facing the Upper Basin in the Interim Guideline negotiations. I have significant concerns, however, regarding inequitable cost burdens on the District as we move forward. Since taking on the role of General Manager at the River District, I have engaged in discussions with the UCRC in an effort to procure some commitment to cost sharing as we move forward. At this point, however, it appears that the individual states have not shown a willingness to assess themselves through the UCRC for the purposes of cost sharing on future hydrologic risk analysis. In fact, the UCRC has turned to the Bureau of Reclamation and sought and been awarded a Water Smart grant in the amount of \$800,000.00 to pursue technical work. It is commendable that the UCRC has an alternative source of funding, however, due to the strings attached to Water Smart grants, I am concerned about the UCRC's ability to guide the modeling effort and maintain the confidentiality of any sensitive work product. More importantly, it is essential for our District and the UCRC to have an ongoing source of independent modeling expertise as we head into the Interim Guideline negotiations.

It is my request that the Board authorize the General Manager, with review and approval by the General Counsel, to enter into an 18 month continuing services contract with Hydros Consulting in the amount not to exceed \$100,000.00 for the purposes of consulting with the River District Colorado River Team and, when and if appropriate, performing work directed by the River District for the UCRC's benefit. Should we utilize this contract for work performed for the UCRC, we will actively seek funding partners. We have had preliminary discussions with Southwestern Water Conservation District (SWCD) staff related to this contract and, given our shared interests, they have indicated an interest in entering into a cost share agreement for all of this work. Should the SWCD board agree to share the costs, we will seek additional authority from this Board.

d. Colorado River Basin Hydrology.

Please see attached Memo (accessed in the electronic packet by clicking here).

e. Proposed Modifications to Personnel Policy.

Please see attached Memo (accessed in the electronic packet by clicking here).

f. **Discussion of Triennial Salary Survey.**

Please see attached Memo (accessed in the electronic packet by clicking here).

g. **Discussion of River District Long Term Financial Health.**

No Action Requested, just general direction

Applicable Strategic Plan Initiatives:

12. Financial Sustainability: The above strategic initiatives cannot be achieved without financial sustainability. The River District enjoys a diversified tax base for its Governmental Funds, which helps to reduce the impacts of dramatic downturns in its overall assessed valuation. Over the long-term, the Enterprise Fund is intended to be self-sustaining, managing the River District's Business-Type Activities.

13. Asset Management: The River District will plan and implement operation, maintenance and replacement (OM&R) activities to ensure the reliable and safe operation of all River District owned facilities and properties. The District recognizes that the significant investment in these assets as well as the financial stability of our District and Enterprise must be protected by regular maintenance and repair of its assets.

As directed by the Board in April, staff continues to investigate options for resolving the District's likely long term fiscal issues. By way of background, the decision by the legislature to reduce the RAR from 7.20% to 7.15% instead of the earlier projected drop to 6.11% is welcome, short term news for the District. That temporary abatement in what has been a continuing decline in the RAR combined with our cost cutting measures, which include our early retirement program, suspension of our grant program, and vehicle fleet reduction, provides some well appreciated breathing room for our staff and Board to properly analyze potential solutions. Additionally, Proposition DD, as the sports betting referred measure is now titled, will be on the statewide ballot in 2019 and is aimed at providing a down payment toward the gap in funding for the Colorado Water Plan. It does not seem wise to have both a statewide issue supporting water funding and a District question on the same ballot. At this point in time, it seems unlikely that there will be a water centered statewide issue placed on the 2020 ballot.

Staff has been working with our public opinion consultant to determine the best path forward in addressing questions and concerns raised by the Board in February and April. The issues we are examining include, but are not limited to:

- The idea that a straight up mill levy increase request respecting TABOR, combined with a request to "de-Bruce" our revenue/spending cap, is an easier question for people to understand. Introducing a de-Gallagher component drastically increases the complexity.
- Whether a sunset provision helps wins constituents' confidence.
- Whether a question that references permanency of flows in the Colorado River mainstem is preferred by our constituents.

- How best to identify the projects and programs the River District would support with any revenue increase.
- What issues are most important to our constituents and how we do we address them.

Our consultant has indicated that any effort to determine constituent attitudes about these issues would be more accurate as we get into the late winter or early spring of 2020. As such, we have held off initiating any further formal consultant interaction with constituents and will be recommending to the Board that we proceed with those efforts in March or early April of 2020 so that the Board can have timely information for evaluation at its April 2020 meeting.

h. **Update on Pilot Rock Ditch, Delta County.**

Please see attached Memo (accessed in the electronic packet by clicking here).

i. **Battle Creek Reservoir PL566 Grant Application with Wyoming**

At the April 2019 board meeting, directors heard a presentation requesting River District support for the proposed West Fork Reservoir, situated on the West Fork of Battle Creek in Wyoming, tributary to the Little Snake River. At an estimated cost of \$80M, the 10,000 acre-foot reservoir would provide approximately 6,500 acre-feet of supplemental irrigation water to Colorado and Wyoming users, as well as providing approximately 1,500 acre-feet for stream flow supplementation. A 2,000 acre-foot minimum conservation pool would be maintained in the reservoir.

The specific request is that the River District name be included in a PL-566 application to the NRCS as a Colorado entity that the project sponsors could consult and coordinate with as asked. The PL-566 application is tentatively seeking \$25M in funding to advance the project through permitting, final design and a portion of construction. The project sponsors of the PL-566 application are the Savery-Little Snake Water Conservancy District (Wyoming) and the Pothook Water Conservancy District (Colorado). The project sponsors are not seeking any financial assistance from the River District. The NRCS has indicated to the sponsors that Colorado support would increase the probability of a successful application.

Staff recommends that the River District be included in the application subject to the understanding that; 1) no funds will be provided by the River District, and 2) assistance will be limited to providing institutional knowledge and / or information readily available from our files. In essence we are recommending that we provide our name and a willingness to respond to an occasional phone call. While this action falls within the delegated discretion of the General Manager, we are seeking an indication of consensus from the Board on how best to move forward. No formal action is necessary.

Sonja Chavez and John Currier will be meeting by phone with Wyoming State Senator Larry Hicks (Little Snake River Conservation District) on July 10 to discuss some of the details in the draft PL-

566 application. Anything that would substantially alter staff recommendation will be discussed at the Board meeting.

j. **Water Bank Work Group Update.**

Please see attached Memo (accessed in the electronic packet by clicking here).

k. **Approval of Contract Amendment with Harvey Economics, re: Grand Lake Water Clarity.**

Please see attached Memo (accessed in the electronic packet by clicking here).

l. **Yampa Integrated Water Management Plan Contracting Authorization.**

Please see attached Memo (accessed in the electronic packet by clicking here).

m. **Mid-Year Review of General Manager's 2019 Goals and Objectives**

Please see attached Memo (accessed in the electronic packet by clicking here).

Joint Four West Slope Roundtable [GO BACK](#)

Colorado River Risk Study Discussion Guide

6/20/19 - Ute Water Building - Grand Junction, Colo.

At the December 14, 2014 joint meeting of the four West Slope Roundtables, participants requested information to facilitate intra-basin discussion of demand management, should low levels at Lake Powell require that tool, as well as discussion of potential future development of West Slope Colorado River system supplies. In response, the Colorado River District and Southwestern Water Conservation District proposed Phase I of the Colorado River Risk Study. Each district and each Roundtable shared in the costs. This continued into a Phase II. Today we will learn about the work of Phase III. Keep in mind that the work resulting from the Risk Study is for discussion purposes only, that it does not represent the official position of any entity with respect to factual or legal matters concerning the Colorado River.

Major aspects of Phase I

1. To maintain the storage levels at Lake Powell above elevation 3,525 feet (above sea level), **demand management would be occasionally needed under all different hydrology and demand scenarios.** Without corrective action (implementing Drought Contingency Plans), **the risk that Lake Powell would be drained below critical levels is real (10-20%).**
2. **Demands and hydrology matter, the drier the hydrology, the more often demand management is needed and the larger the shortages that must be covered. Demands also matter.** For the same hydrology, the higher the level of consumptive uses, the more often demand management is needed. **A 10% increase in Upper Basin depletions roughly doubles the frequency that demand management is needed and doubles the amount of the large shortages** that will have to be covered by demand management.
3. During the rare severe droughts such as 2000-2004 or the 1950s, the amount of water needed by demand management can exceed 1 million acre-feet -- far more than the amount of water that could be obtained by demand management in a single year. **This means that, as a practical matter, demand management will have to be designed as a water bank or reserve account,** where smaller annual contributions are made annually into a “bank” then released to Lake Powell when needed.

During the presentations to the Roundtables, there were many questions about how the implementation of demand management would impact projects and water use within the individual basins. The Phase I study used the Bureau of Reclamation’s CRSS (model) which is a

good model for operating the Colorado River system (the big reservoirs like Powell and Mead) but can't be used to look at the details of what happens within the West Slope sub-basins. To address these more specific questions and to consider further system questions, we moved forward with phases II and III.

Major aspects from Phase II

Phase II had two basic technical tasks. The first task was to again use the Bureau of Reclamation's Colorado River Simulation System (CRSS) computer model to look a paleo-hydrology scenario and to consider in more detail a demand-management approach utilizing a demand-management concept of putting a smaller amount (for example 100,000 acre-feet per year) into a dedicated water bank, then using the banked water for demand management. The results of this task were consistent with the Phase I results. **The concept of water bank works provided dedicated reservoir space is available and there is water in the bank when the drought begins.**

The second task was to look at how to use CRSS in conjunction with Colorado's State-Mod computer model to look at the basin-specific impacts of demand management. State-Mod is water-rights based and models the operation of diversions and projects within Colorado (but ends at the state line). **The task results were successful and we now have the ability look at the basin-specific questions related to demand management options.**

Major aspects from Phase III

(See the full slide deck appended to this packet)

GENERAL OBSERVATIONS

1. Of Colorado's approximate 2.5 million acre-feet (maf) of average annual consumptive use, approximately 1.6 maf is attributable to Pre-Compact rights, and approximately 900,000 acre-feet is Post-Compact
2. Transmountain diversions (TMDs) constitute over half of the Post-Compact depletions (~56%)
3. Because of #2, the Colorado Mainstem users comprise 2/3 of all Post-Compact uses
4. The large TMDs often end up being the swing call, even across different volumetric reductions
5. Allocating deficit volumes pro-rata by sub-basin depletions results in substantially different administration dates for certain sub-basins when compared to a state-wide curtailment of all Colorado River water users.

What does modeling tell us about risk?

Model analysis from Phase III of the Risk Study using the 1988-2015 Stress Test Hydrology indicates:

1. The likelihood of Lake Powell Dropping below 3525 feet in elevation at some point in the next 25 years is about 39% (11 of 28 traces).
2. The likelihood of the 10-year running average Lee Ferry volume dropping below 82.5 maf is about 46% (13 of 28 traces)
3. The likelihood of the 10-year running average Lee Ferry volume dropping below 75 maf is about 0%* (0 of 28 traces)

An increase in annual Upper Basin Consumptive Use averaging 11.5% (approximately 500,000 acre-feet**) roughly doubles the risk of #1 and #2.

*Note that previous Risk Study simulations and Reclamation runs have shown likelihoods greater than zero at the 75 maf threshold (Model assumptions matter!)

**The Upper Colorado River Commission Demand Schedule anticipates reaching that level of use by about 2037.

13

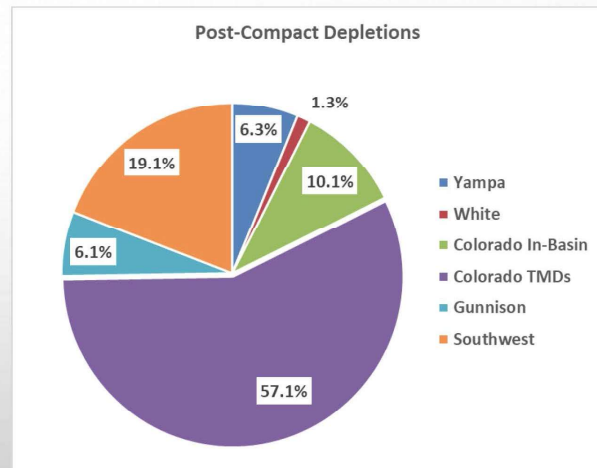
A Closer Look at Pre/Post Compact Depletions

Basin	Average Annual Depletions (acre-feet)		
	All Users	Pre-Compact	%Pre-Compact
Yampa	196,982	138,544	70%
White	62,060	50,173	81%
Colorado	1,220,386	594,169	49%
<i>In-Basin</i>	<i>669,397</i>	<i>574,997</i>	<i>86%</i>
<i>TMDs</i>	<i>550,989</i>	<i>19,173</i>	<i>3%</i>
Gunnison	552,418	495,147	90%
Southwest	500,717	322,561	64%
Total	2,532,564	1,600,594	63%

All Results Presented herein are Preliminary and Subject to Change

Who is Impacted by Curtailment of all Post-Compact Rights?

Basin	Average Annual Depletions (af)	
	Post-Compact	% of Total
Yampa	58,438	6.3%
White	11,887	1.3%
Colorado	626,216	67.2%
<i>In-Basin</i>	<i>94,400</i>	<i>10.1%</i>
<i>TMDs</i>	<i>531,816</i>	<i>57.1%</i>
Gunnison	57,271	6.1%
Southwest	178,157	19.1%
Total	931,969	100.0%



All Results Presented herein are Preliminary and Subject to Change

Big River Challenges: Background Conditions, Actions and Planning

1. Since 2000 to now, the Colorado River system has experienced an extended dry period. **During this 19-year period, the average natural flow at Lee Ferry has averaged about 12.4 million acre-feet per year through 2017.** This is about 20% below the long term (1906-2015) average of 14.8 million acre-feet per year.
2. Science suggests that **as regional temperatures increase, this drying trend will continue.**
3. At the beginning of 2000, system-wide reservoir storage (Mead, Powell and the other CRSP reservoirs) was nearly full. **Today system storage is less than 50% full.**
4. **Annual releases from Glen Canyon Dam (Lake Powell) are controlled by the 2007 Interim Guidelines.** The guidelines were negotiated by the basin states (and the federal agencies) and approved by the U.S. Secretary of the Interior. Under the guidelines, the operations of the Lakes Mead and Powell are integrated. The guidelines will expire after water year 2026 and will have to be renegotiated. The negotiations are scheduled to commence in 2020.

5. **In 2013, to address continuing drought, the basin states began preparing Drought Contingency Plans (DCPs).** There are now two integrated plans, one for the Upper Basin and one for the Lower Basin.
6. **Colorado's Water Plan** was finalized in November 2015. The plan includes what is referred to as the "conceptual framework." The framework was negotiated and approved by the Interbasin Compact Committee (IBCC). **The principles are intended to guide the development of new supplies and the protection of existing uses** within Colorado. **Principle #4 provides that Colorado will take a proactive approach to avoiding a future compact deficit. The program will cover existing uses plus a reasonable** growth within the Colorado River Basin, but not new transmountain diversions.

Drought Contingency Plans (DCPs)

1. The **Upper Basin DCP** includes three basic elements:
 - a. **Drought operations of the Colorado River Storage Project (CRSP) storage reservoirs upstream of Lake Powell – Blue Mesa, Navajo and Flaming Gorge Reservoirs.** These three reservoirs were authorized under the same federal law as Lake Powell, the 1956 Colorado River Storage and Participating Projects Act. Although smaller, they have the same basic purpose as Lake Powell – re-regulation of the Colorado River so that the Upper Basin can develop its water resources while meeting its compact obligations at Lee Ferry. Under Drought Operations, additional releases will be made from these reservoirs to help maintain Lake Powell above critical levels.
 - b. System augmentation: this consists of **cloud seeding and non-native vegetation control of phreatophytes.** This element of the DCP is already underway.
 - c. **Demand Management: Under the DCP, the Upper Division states agree to investigate programs to reduce consumptive uses** (referred to as demand management) as needed to avoid Lake Powell storage dropping below critical levels. None of the states, including Colorado, has made a formal decision to implement demand management. The commitment is only to study the feasibility of demand management.

What are the critical storage levels in Lake Powell?

The goal of the Upper Basin DCP is to take proactive measures to always have a storage cushion in Lake Powell. The theory is that as long as the Upper Basin has some storage available, it will have the water on hand to meet its downstream commitments. **The current target (which is subject to change) is elevation 3,525 feet above sea level. At this this elevation, there is only 2 million acre-feet of storage available until minimum power.** There is another 4 million acre-feet of storage below minimum power, but above the low-level outlet works (this is referred to as inactive storage).

While the primary purpose of the DCP is to pro-actively meet downstream commitments, maintaining minimum power has major side benefits. Power revenues, pay for the operation of the CRSP reservoirs, repay the federal government for the costs of the projects and fund critical environmental programs. Further, because the capacity of the dam's outlet works drops with the elevation of the reservoir, dropping below minimum power may prevent the Upper Basin from actually meeting its downstream requirements. This is referred to as a compact hole.

2. **The Lower Basin DCP**, which covers mainstream uses in and below Lake Mead – not the Lower Basin tributaries – is designed to add to the shortages that are required by the 2007 Interim Guidelines. As Lake Mead drops toward critical storage levels, **defined as elevation 1,020 feet in Lake Mead**, the three Lower Division states ramp up their conservation measures to preserve storage in Lake Mead. **If Lake Mead was forecast to drop below 1,025 feet, then the combined effect of the Lower Basin DCP and the 2007 Interim Guidelines results in a reduction of about 1.4 million acre-feet per year.**
3. Minute 323 with Mexico: **Under Minute 323**, which is effective through the term of the 2007 Interim Guidelines, Mexico both shares shortages when the 2007 Interim Guidelines require a shortage and, similar to the DCP, they will implement additional conservation measures.

Total Contemplated Lower Basin Volumes (in KAF)
2007 Interim Guidelines, Minute 323, Lower Basin Drought Contingency Plan &
Binational Water Scarcity Contingency Plan

Lake Mead Elevation (ft msl)	2007 Interim Guidelines Shortages		Minute 323 Delivery Reductions	Total Combined Reductions	DCP Contributions			Binational Water Scarcity Contingency Plan Savings	Combined Volumes by Country US: (2007 Interim Guidelines Shortages + DCP Contributions) Mexico: (Minute 323 Delivery Reductions + Binational Water Scarcity Contingency Plan Savings)					Total Combined Volumes
	AZ	NV	Mexico	Lower Basin States + Mexico	AZ	NV	CA	Mexico	AZ Total	NV Total	CA Total	Lower Basin States Total	Mexico Total	Lower Basin States + Mexico
1,090 - >1,075	0	0	0	0	192	8	0	41	192	8	0	200	41	241
1,075 - >1,050	320	13	50	383	192	8	0	30	512	21	0	533	80	613
1,050 - >1,045	400	17	70	487	192	8	0	34	592	25	0	617	104	721
1,045 - >1,040	400	17	70	487	240	10	200	76	640	27	200	867	146	1,013
1,040 - >1,035	400	17	70	487	240	10	250	84	640	27	250	917	154	1,071
1,035 - >1,030	400	17	70	487	240	10	300	92	640	27	300	967	162	1,129
1,030 - 1,025	400	17	70	487	240	10	350	101	640	27	350	1,017	171	1,188
<1,025	480	20	125	625	240	10	350	150	720	30	350	1,100	275	1,375

The US will work to create or conserve 100,000 af or more of Colorado River system water on an annual basis to contribute to conservation of water supplies in Lake Mead and other Colorado River reservoirs. All actions taken by the United States shall be subject to applicable federal law, including availability of appropriations.

Principle #4 of the Conceptual Framework in Colorado's Water Plan

[Chapt. 8, pp 14-17](#)

Principle #4 of the Framework is a critical policy statement and the primary reason the West Slope Roundtables asked for the risk study. This principle states that “a collaborative program that protects against involuntary curtailment is needed for existing uses and some reasonable increment of future development in the Colorado River system, but will not cover a new TMD.” The supporting information notes that the collaborative program “should provide a programmatic approach to managing Upper Basin consumptive uses, thus avoiding a Compact deficit and insuring that system reservoir storage remains above critical levels such as minimum (power).” The similarities between the objectives of the Upper DCP and the collaborative program are obvious. During the IBCC discussion of the Framework, it was recognized that the collaborative program and the long term Upper Basin DCP would be the same. Drought operations of the CRSP reservoirs and demand management would be the primary components.



Colorado River Risk Study Phase III

An Update for the 4 West Slope Basin Round Table Meeting

Grand Junction, Colorado

June 20, 2019



Disclaimer: The findings presented herein are for discussion purposes only, and do not represent the official position of any entity with respect to factual or legal matters concerning the Colorado River.

All Results Presented herein are Preliminary and Subject to Change

Disclaimer Part 2:

- 1. All Models are Wrong, some are Useful – George Box*
- 2. Any opinions expressed herein are my own*
- 3. Don't shoot the messenger*

Colorado River Risk Study

- Originated from joint West Slope BRT discussions and reflection on DCP process
- Funding via Colorado River District, Southwestern, West Slope BRTs (CWCB)
- Principle 4 of the IBCC Conceptual Framework from the Colorado Water Plan: *A collaborative program that protects against involuntary curtailment is needed for existing uses and some reasonable increment of future development in the Colorado River system, but it will not cover a new TMD.*
- Phase I completed Fall 2016; Phase II completed Fall 2018
- Takeaways thus far:
 1. Under current conditions and operating policies, the likelihood of reaching critical elevations or a compact deficit is low, but impacts could be significant
 2. Hydrology and amount of future growth in the Upper Basin are key drivers of risk
 3. It is not just a Lower Basin / Structural Deficit problem (hence the UB DCP plan)

Lake Powell and the Colorado River Compact

Upper Basin Objectives:

1. Avoid Compact Deficit which *might* lead to curtailment
2. Protect Lake Powell (Elevation 3525' is threshold for Lower Elevation Balancing Tier. 3490' is minimum power pool)

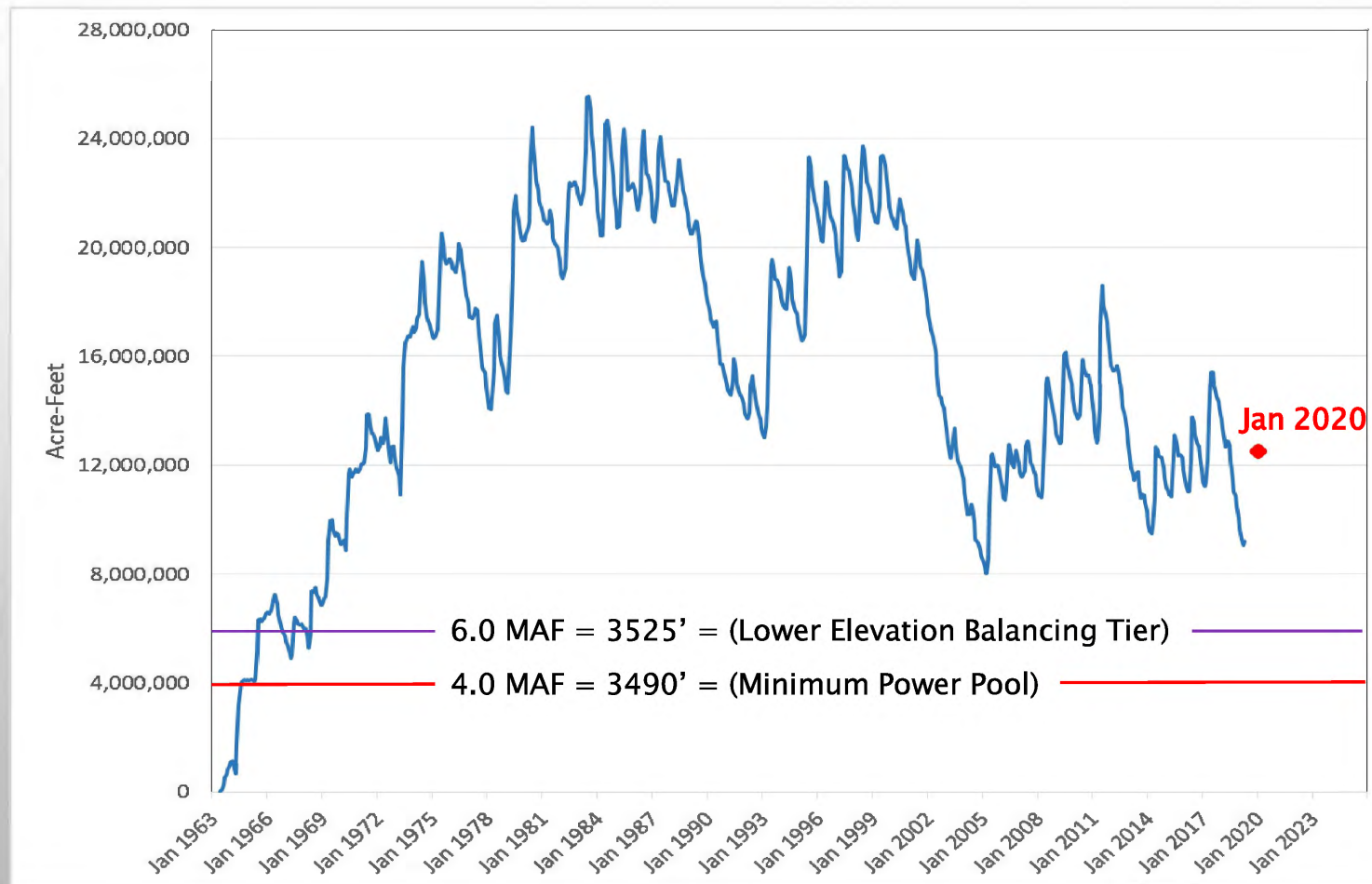
Risk Drivers:

- Hydrology
- Consumptive Use
- Low Reservoir Storage Conditions

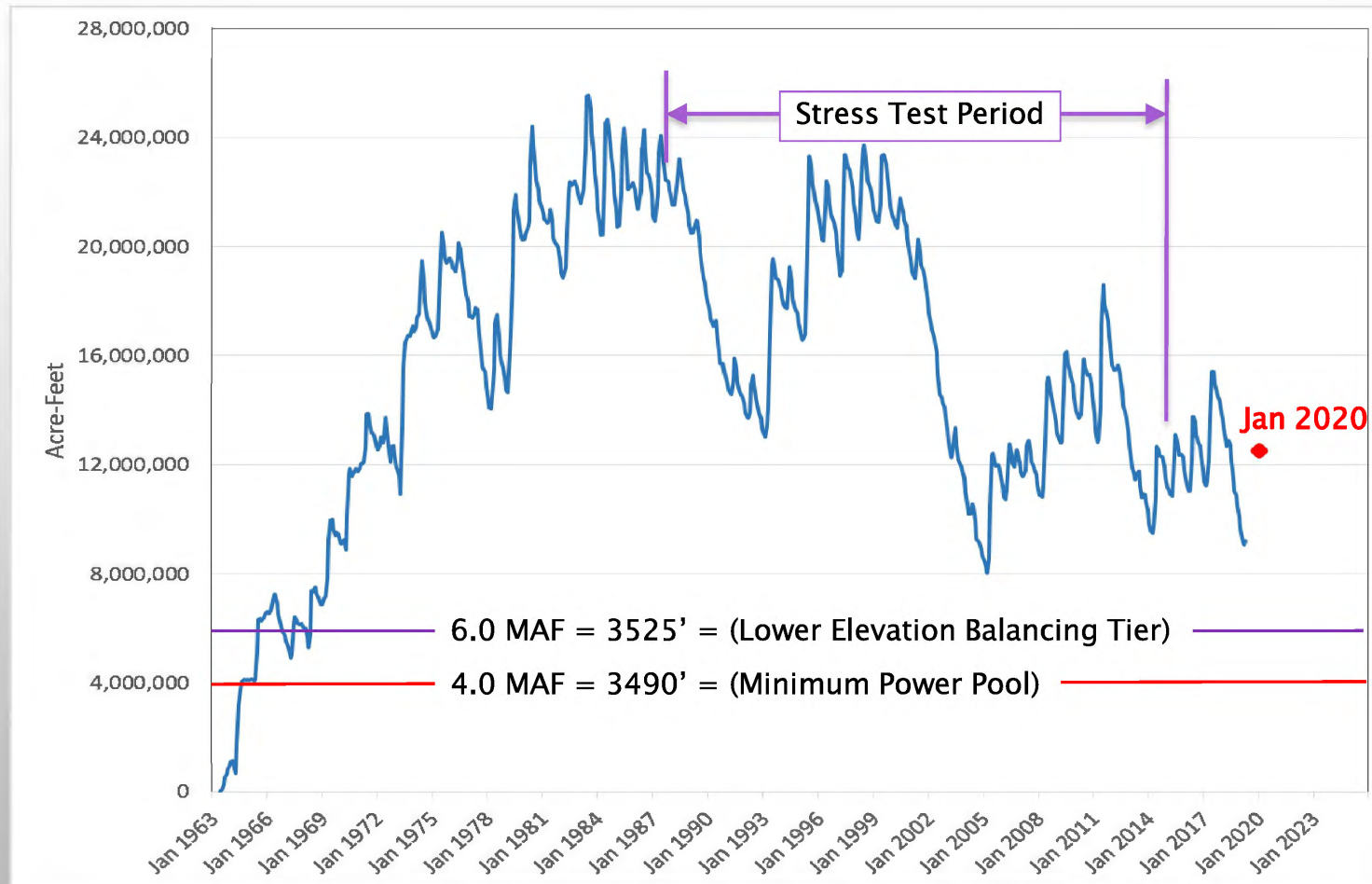


All Results Presented herein are Preliminary and Subject to Change

Lake Powell Storage



Lake Powell Storage



What does Modeling tell us about Risk?

Model analysis from Phase III of the Risk Study using the 1988–2015 Stress Test Hydrology indicates:

1. The likelihood of Lake Powell Dropping below 3525' at some point in the next 25 years is ~ 39% (11 of 28 traces).
2. The likelihood of the 10-year running average Lee Ferry volume dropping below 82.5 Maf is ~ 46% (13 of 28 traces)
3. The likelihood of the 10-year running average Lee Ferry volume dropping below 75 Maf is ~ 0%* (0 of 28 traces)

An increase in annual Upper Basin Consumptive Use averaging 11.5% (approximately 500 Kaf)** roughly doubles the risk of #1 and #2.

**Note that previous Risk Study simulations and Reclamation runs have shown likelihoods greater than zero at the 75 Maf threshold (Model assumptions matter!)*

***The UCRC Demand Schedule anticipates reaching that level of use by ~2037.*

Pre-Emptive Water Management Options

The recently approved Drought Contingency Plans (DCPs) provide a mechanism for protecting critical elevations at both Lake Powell and Lake Mead.

The Upper Basin DCP has three components intended to reduce or eliminate the risk of reaching critically low Lake Powell levels:

1. Cloud Seeding and Phreatophyte Control (Ongoing)
2. Drought Operations of CRSP storage facilities (Subject to consultation between UB States and Reclamation)
3. Exploration of voluntary and compensated Demand Management program, including use of 500,000 af water bank in one or more CRSP facilities

If these (and possibly other) pre-emptive actions are insufficient to protect Lake Powell levels, and if as a result Lake Powell was unable to release sufficient water past Lee Ferry, a Compact Deficit could result.

A Compact Deficit could result in Involuntary Curtailment

Questions:

- How much Colorado River water does the State of Colorado use?
- How much of Colorado's depletions are pre-compact?
 - How is this volume split up across the west slope basins (including TMDs)?
 - How much post-compact use could be called out?
 - Where are those post-compact uses?
- What are potential approaches to "Sharing the Pain"?

Colorado's Consumptive Use of Colorado River Water

<i>Basin</i>	Annual Depletions (acre-feet)		
	Minimum	Average	Maximum
Yampa	173,547	196,982	215,193
White	48,550	62,060	70,397
Colorado	1,117,487	1,220,386	1,345,192
<i>In-Basin</i>	650,887	669,397	692,333
<i>TMDs</i>	466,600	550,989	652,859
Gunnison	481,626	552,418	601,030
Southwest	335,365	500,717	556,627
Total	2,156,575	2,532,564	2,788,439

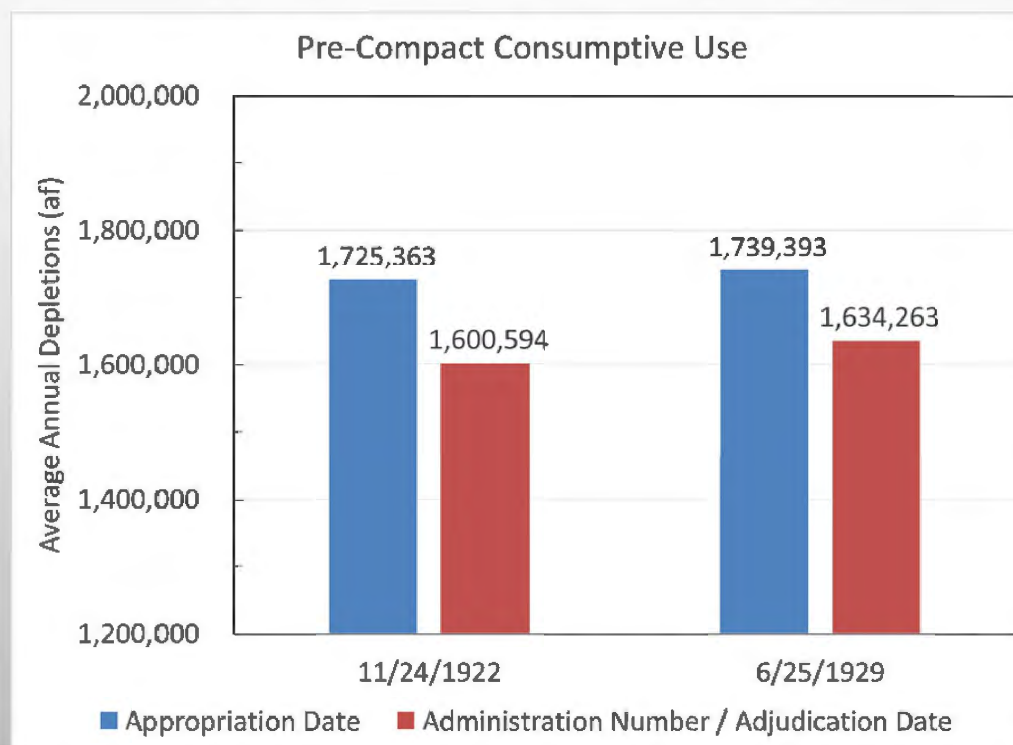
All Results Presented herein are Preliminary and Subject to Change

Key Question: How Much Consumptive Use is Pre-Compact?

- Boulder Canyon Project Act (6/25/1929): U.S. Congress approves Colorado River Compact, which was signed by 6 of the 7 basin states on November 24, 1922.
 - Article VIII of the 1922 Compact: “Present perfected rights to the beneficial use of waters of the Colorado River System are unimpaired by this compact...”
- States of the upper basin would most likely attempt to maximize the amount of pre-compact consumptive use
- A point of contention regarding pre-compact rights is likely to be the quantification of “present perfected use” as of 1922.

Appropriation Dates vs. Administration Dates

- Administration of water rights in Colorado is generally based on adjudication dates (represented by admin numbers in StateMod)
- Modeling a Compact Call using appropriation dates yields more pre-compact consumptive use than using administration numbers/dates.



Preliminary and Subject to Change

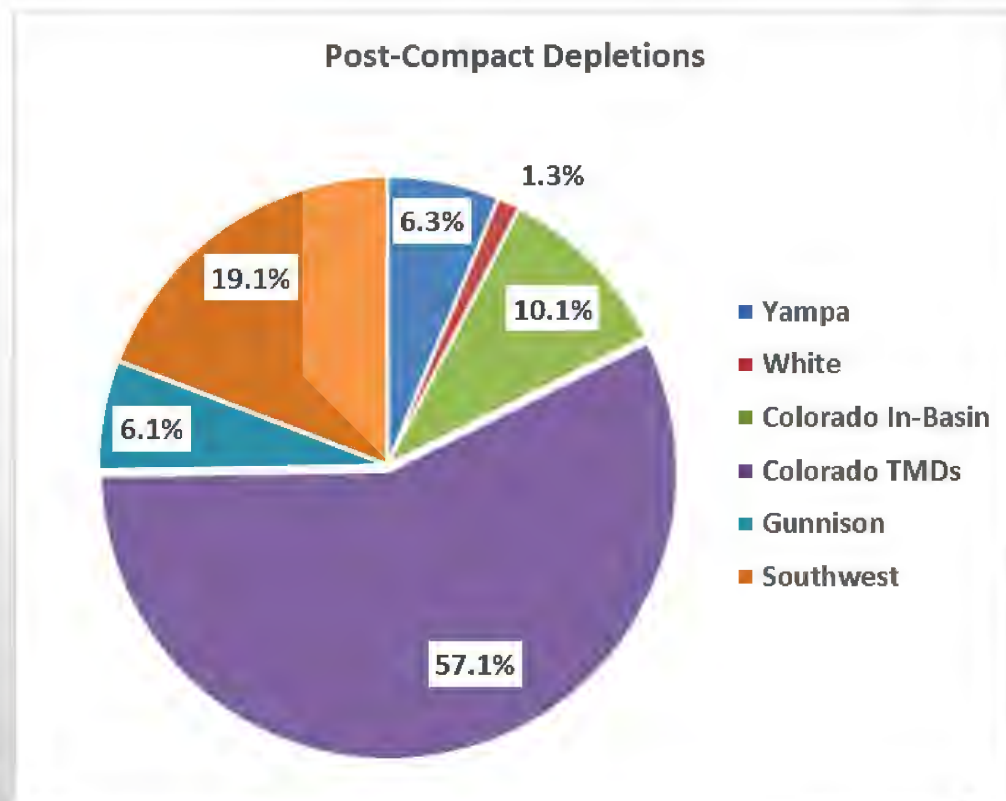
A Closer Look at Pre/Post Compact Depletions

<i>Basin</i>	Average Annual Depletions (acre-feet)		
	All Users	Pre-Compact	%Pre-Compact
Yampa	196,982	138,544	70%
White	62,060	50,173	81%
Colorado	1,220,386	594,169	49%
<i>In-Basin</i>	669,397	574,997	86%
<i>TMDs</i>	550,989	19,173	3%
Gunnison	552,418	495,147	90%
Southwest	500,717	322,561	64%
Total	2,532,564	1,600,594	63%

All Results Presented herein are Preliminary and Subject to Change

Who is Impacted by Curtailment of all Post-Compact Rights?

<i>Basin</i>	Average Annual Depletions (af)	
	Post-Compact	% of Total
Yampa	58,438	6.3%
White	11,887	1.3%
Colorado	626,216	67.2%
<i>In-Basin</i>	94,400	10.1%
<i>TMDs</i>	531,816	57.1%
Gunnison	57,271	6.1%
Southwest	178,157	19.1%
Total	931,969	100.0%



All Results Presented herein are Preliminary and Subject to Change

What if Curtailment of all Post-Compact Rights is not the only Option?

Q: How deep would administrative call be in order to yield a given volume?

Assume different target volumes for reduced consumptive use:

- 100,000 af
- 300,000 af
- 600,000 af

Recall that a “full” compact call yields about 932,000 af on average

Target Volume (acre-feet/yr)	All Colorado River Rights
100,000	Jul 1957
300,000	Sep 1940
600,000	Aug 1935
932,000	Nov 1922

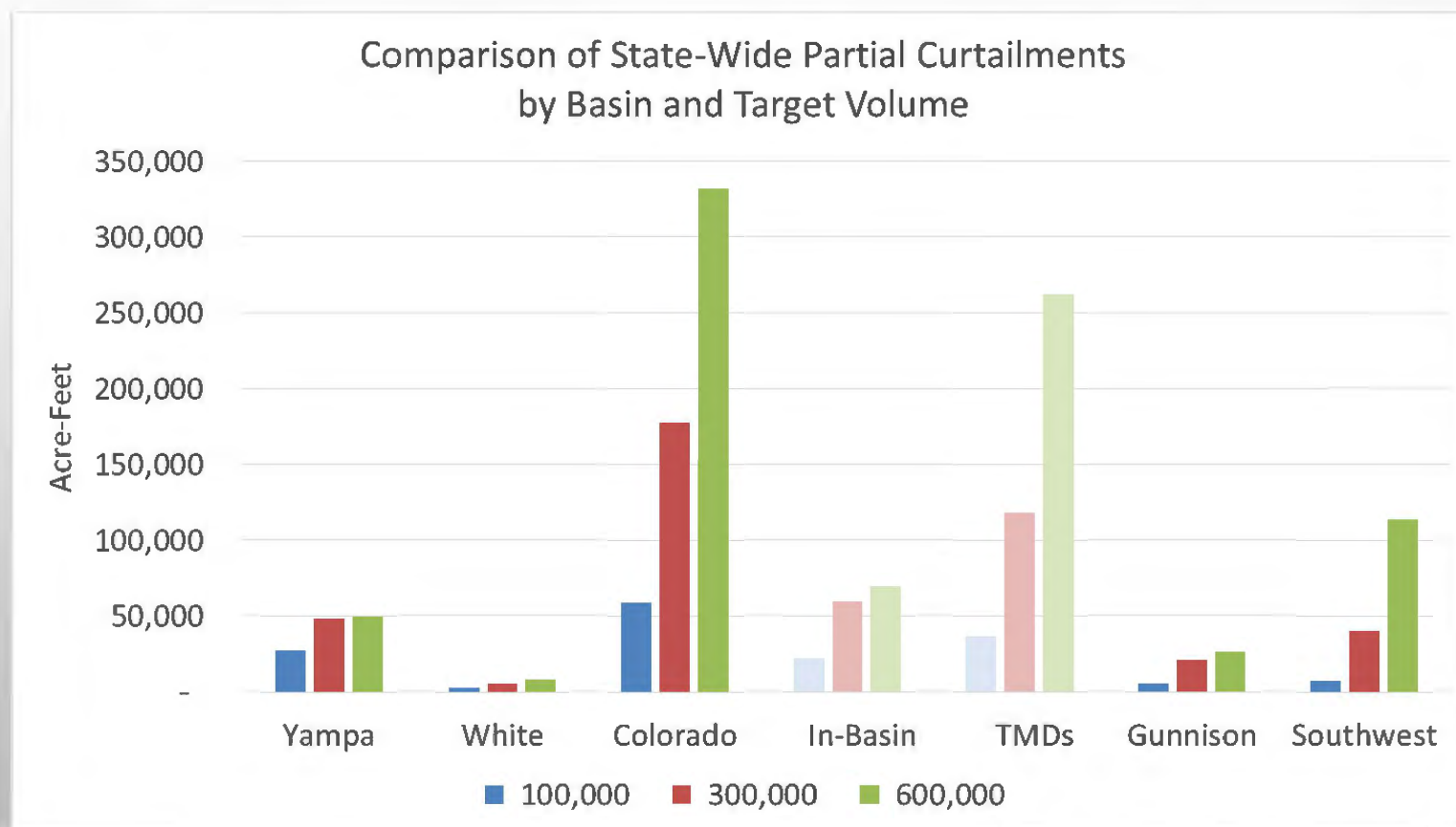
All Results Presented herein are Preliminary and Subject to Change

Impact of a Single State-Wide Partial Call on each Sub-Basin

Target Volume (acre-feet/yr)	Yampa	White	Colorado	<i>In-Basin</i>	<i>TMDs</i>	Gunnison	Southwest
100,000 (Jul 1957)	28%	3%	59%	22%	37%	6%	8%
	27,627	2,753	59,124	22,309	36,815	5,925	7,528
300,000 (Sep 1940)	16%	2%	59%	20%	39%	7%	13%
	47,987	5,325	177,976	59,918	118,058	20,862	40,233
600,000 (Aug 1935)	8%	1%	55%	12%	44%	4%	19%
	49,679	8,478	331,556	69,452	262,105	26,163	113,862
Full	6%	1%	66%	10%	56%	8%	19%
	58,440	11,888	626,171	94,403	531,834	57,273	178,163

All Results Presented herein are Preliminary and Subject to Change

Impact of a Single State-Wide Partial Call on each Sub-Basin



All Results Presented herein are Preliminary and Subject to Change

What if Curtailment According to a Single State-Wide Priority Date is not the only option?

Purpose: Investigate different assumptions regarding the volume and distribution of mandatory curtailment actions *other than* total curtailment.

Examples: Agree to reduce consumptive use via a pro-rata basis. What if*:

1. We distribute the mandatory reductions based on each sub-basin's percentage of post-compact water use relative to the State as a whole?
2. We distribute the mandatory reductions between in-basin uses and TMDs based on each group's percentage of post-compact water relative to the State as a whole?
3. The in-basin / TMD split is based only on relative uses in the mainstem Colorado (where the vast majority of TMDs occur)?

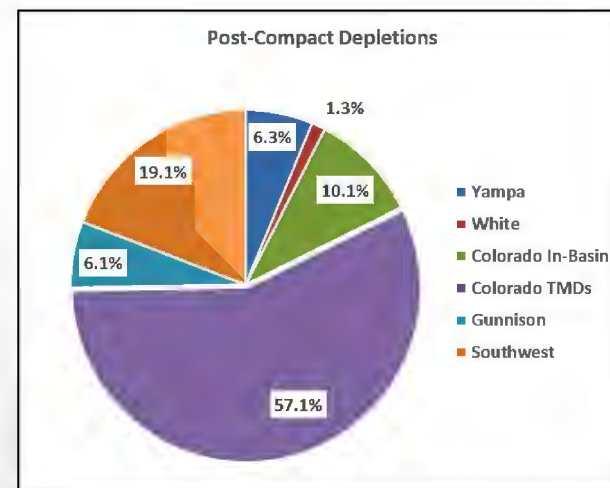
**These scenarios should NOT be construed as advocating for a particular approach to Compact administration. The intent is to quantify and better understand a variety of possible options.*

All Results Presented herein are Preliminary and Subject to Change

Partial Curtailment – by Sub-Basin

Q: How deep would the calls be in each basin to yield these volumes?

Assume that each sub-basin is responsible for reducing consumptive use by a volume of water based on the post-compact depletions *in that sub-basin* relative to the State as a whole



Target Volume (acre-feet/yr)	Yampa	White	Colorado	<i>In-Basin</i>	<i>TMDs</i>	Gunnison	Southwest
	6.3%	1.3%	67.2%	10.1%	57.1%	6.1%	19.1%
100,000	6,270	1,276	67,186	10,129	57,064	6,145	19,116
300,000	18,811	3,827	201,557	30,387	171,191	18,436	57,348
600,000	37,622	7,653	403,114	60,774	342,382	36,871	114,697
932,000	58,440	11,888	626,171	94,403	531,834	57,273	178,163

All Results Presented herein are Preliminary and Subject to Change

Partial Curtailment – by Sub-Basin

Example: If Colorado needed to generate 300,000 af annually, the Yampa basin portion of that volume would be ~18,811 af. To reduce average annual consumptive use in the Yampa by that amount would require calling out all rights junior to August 1962

A statewide call to yield 300,000 af requires a September 1940 call

Target Volume (acre-feet/yr)	Yampa	White	Colorado	<i>In-Basin</i>	<i>TMDs</i>	Gunnison	Southwest
	6.3%	1.3%	67.2%	10.1%	57.1%	6.1%	19.1%
100,000	6,270	1,276	67,186	10,129	57,064	6,145	19,116
300,000	18,811	3,827	201,557	30,387	171,191	18,436	57,348
600,000	37,622	7,653	403,114	60,774	342,382	36,871	114,697
932,000	58,440	11,888	626,171	94,403	531,834	57,273	178,163

All Results Presented herein are Preliminary and Subject to Change

Sub-Basin Distribution

For a given target volume, administration dates are developed for each sub-basin

Target Volume (acre-feet/yr)	Yampa	White	Colorado	Gunnison	Southwest
	6.3%	1.3%	67.2%	6.1%	19.1%
100,000	6,270	1,276	67,186	6,145	19,116
	Jul 1972	Jul 1962	Jul 1957	Nov 1957	Sep 1940
300,000	18,811	3,827	201,557	18,436	57,348
	Aug 1962	May 1955	Nov 1935	Apr 1955	Sep 1940
600,000	37,622	7,653	403,114	36,871	114,697
	Jun 1952	Jan 1938	Aug 1935	Dec 1933	Nov 1935

All Results Presented herein are Preliminary and Subject to Change

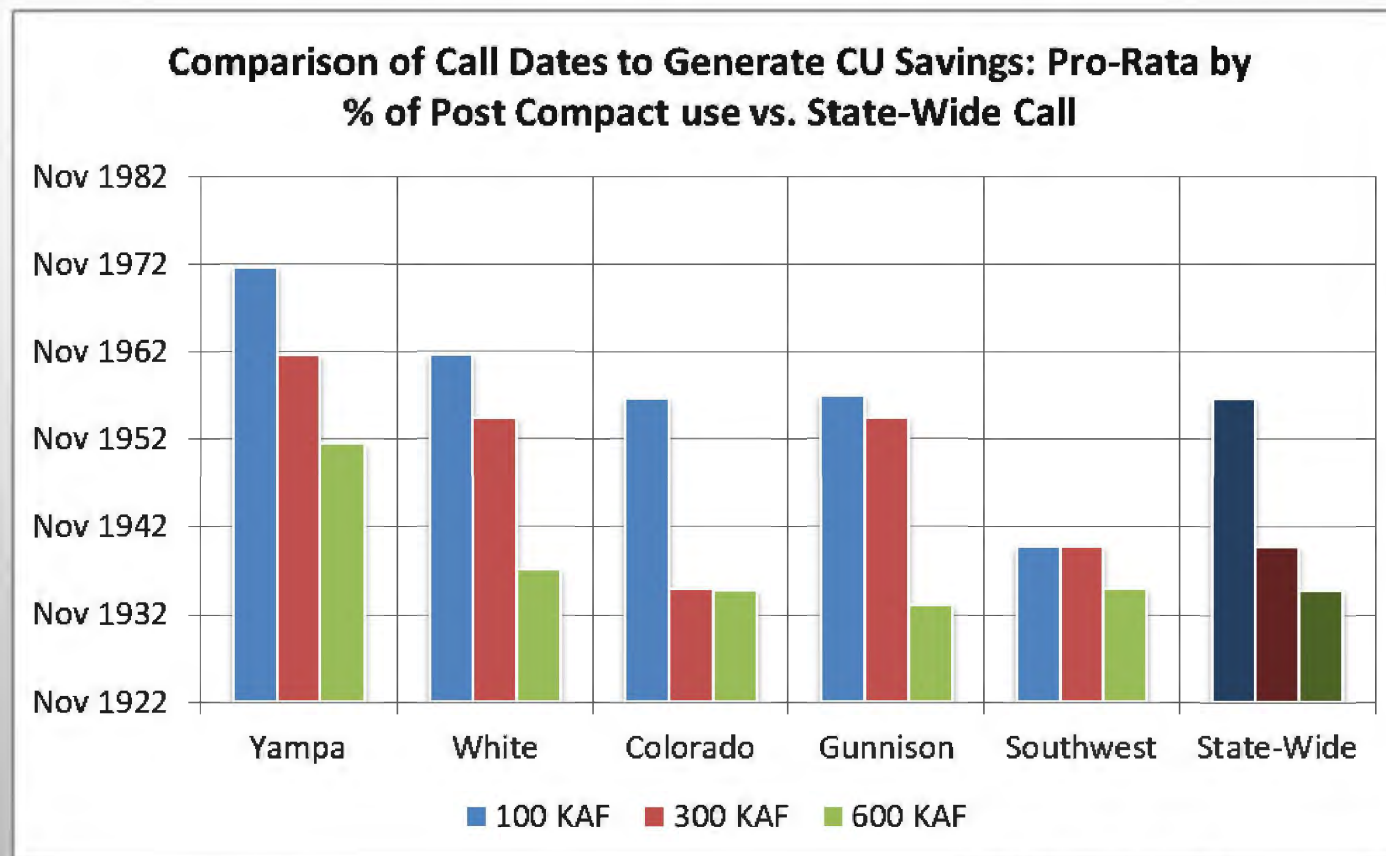
Colorado Mainstem In-Basin/TMD Split

Splitting the mainstem Colorado into in-basin and TMD users relieves some in-basin administration, but TMD call remains essentially the same:

Target Volume (acre-feet/yr)	Colorado	<i>In-Basin</i>	<i>TMDs</i>
	67.2%	10.1%	57.1%
100,000	67,186	10,129	57,064
	Jul 1957	Jan 1981	Jul 1957
300,000	201,557	30,387	171,191
	Nov 1935	Jul 1957	Aug 1935
600,000	403,114	60,774	342,382
	Aug 1935	Jul 1941	Aug 1935

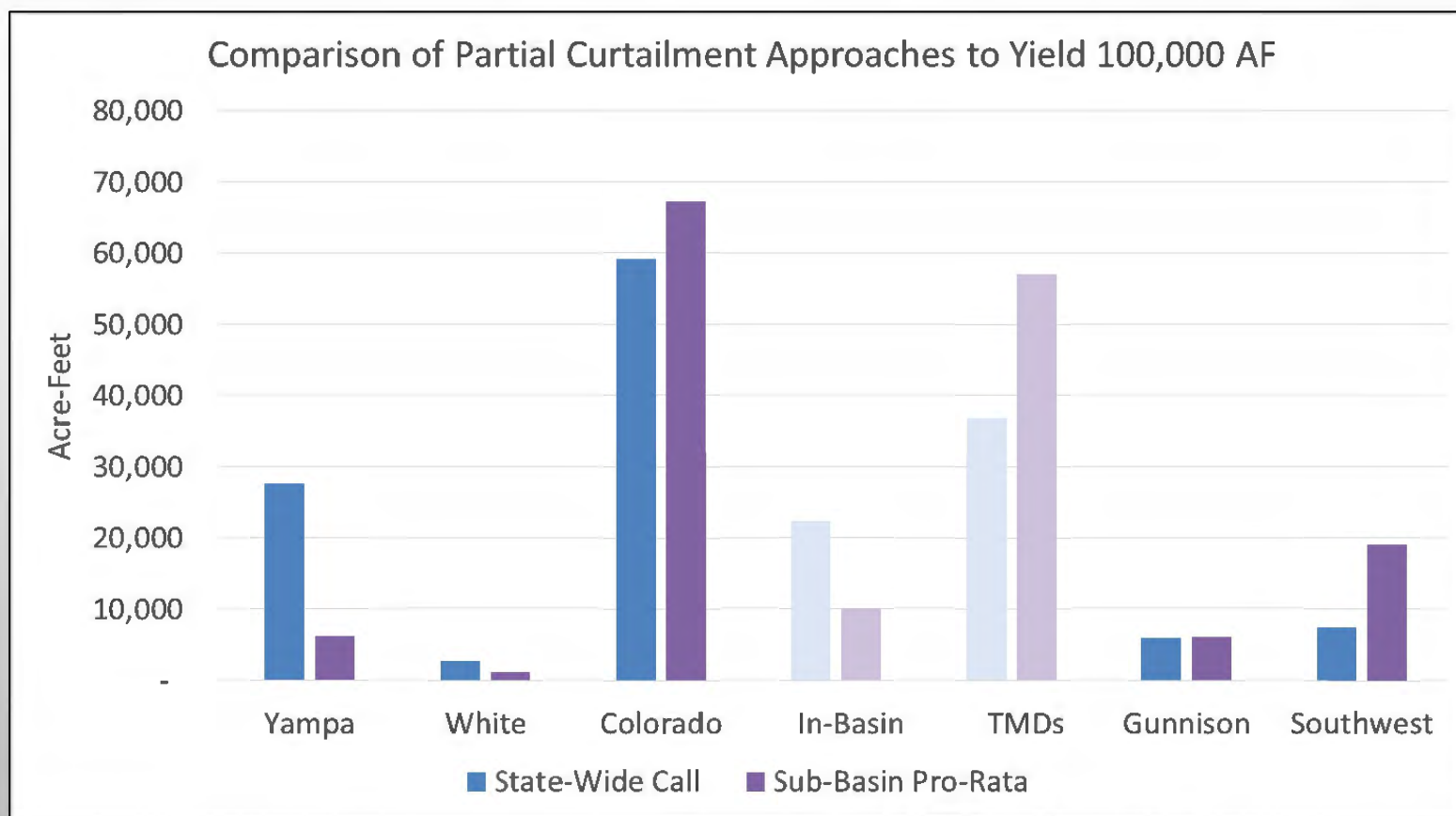
All Results Presented herein are Preliminary and Subject to Change

How would a Call vary across Sub-Basins (Pro-Rata) Compared to a State-Wide Call?



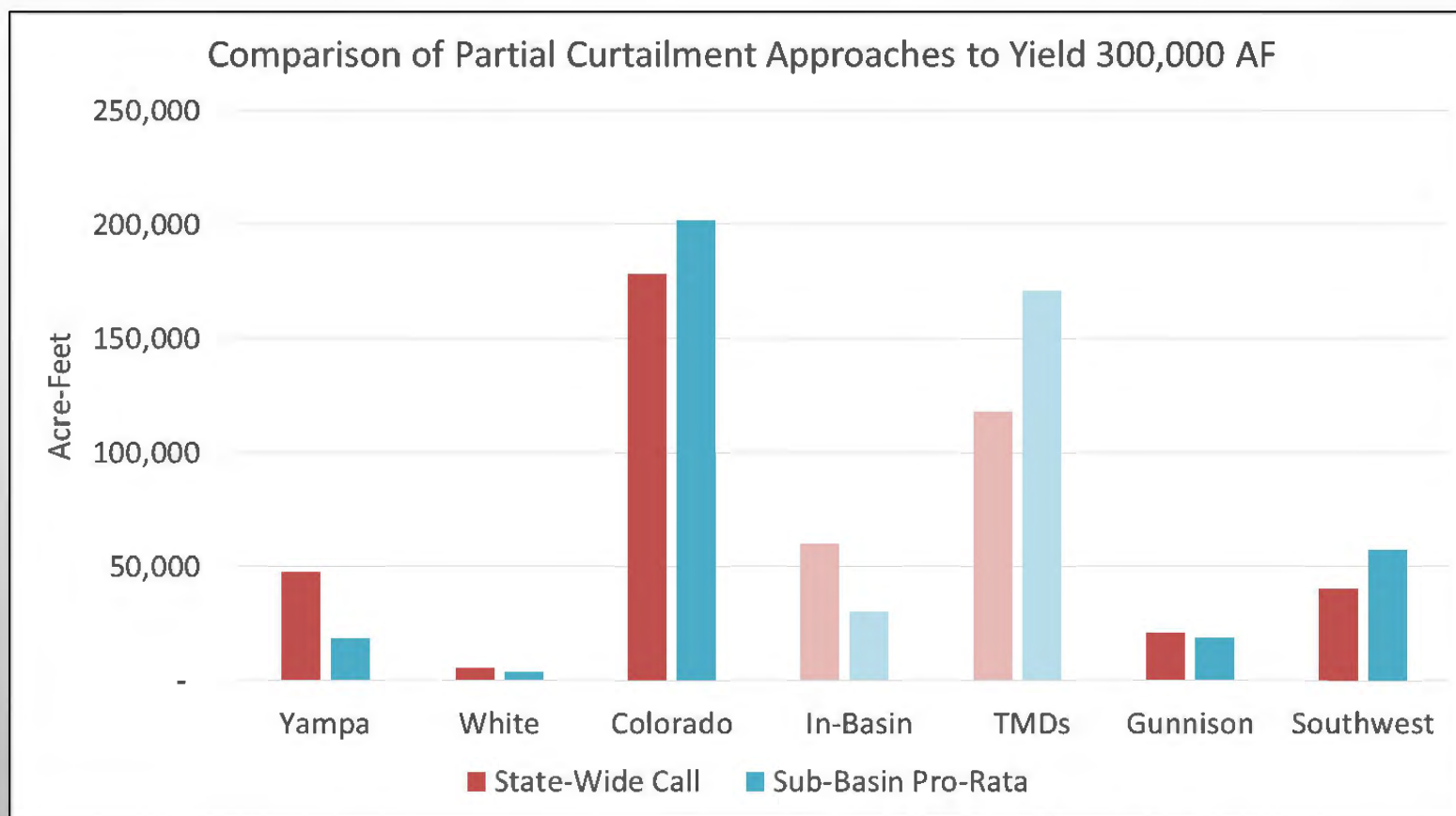
All Results Presented herein are Preliminary and Subject to Change

Comparison of State-Wide vs Sub-Basin Approaches to Curtailment



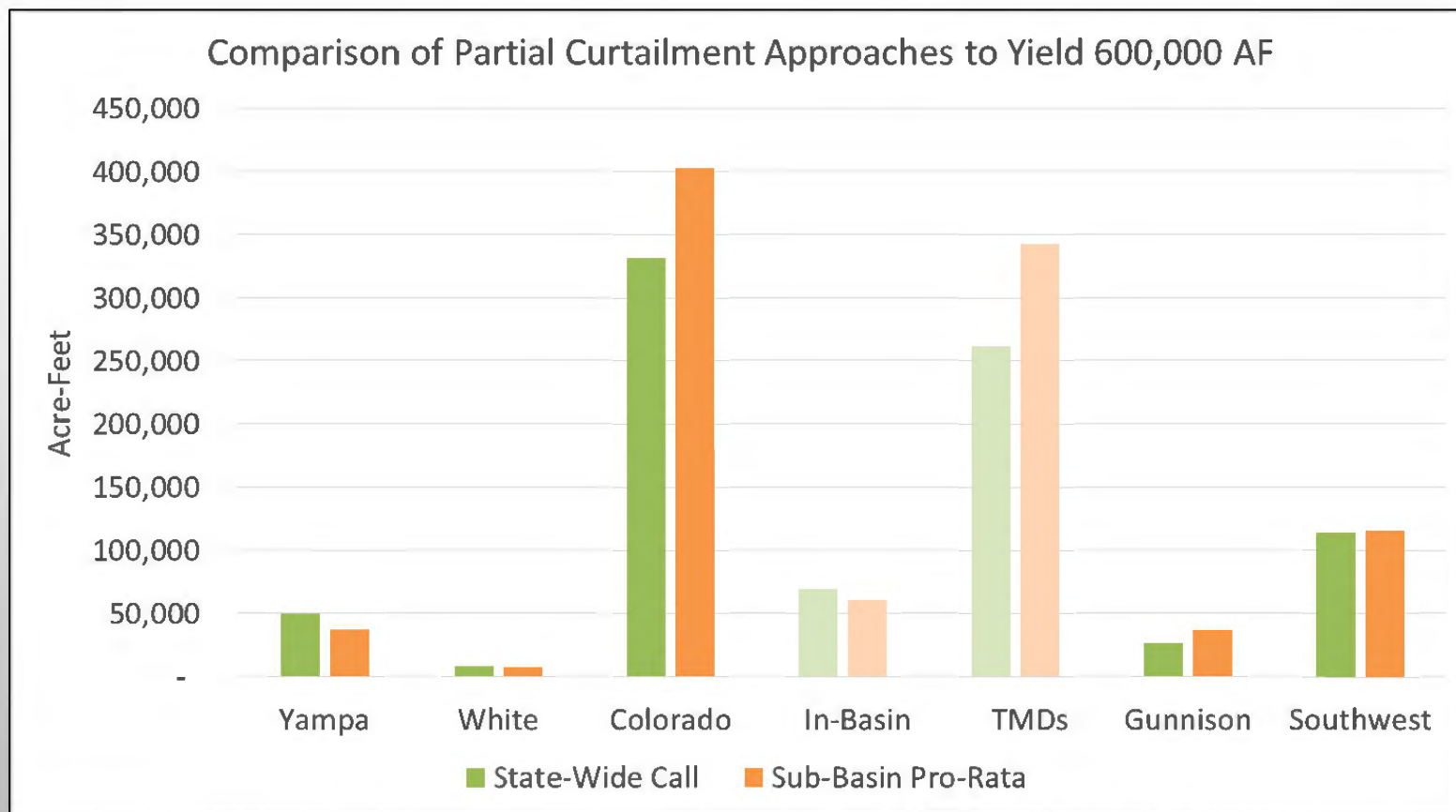
All Results Presented herein are Preliminary and Subject to Change

Comparison of State-Wide vs Sub-Basin Approaches to Curtailment



All Results Presented herein are Preliminary and Subject to Change

Comparison of State-Wide vs Sub-Basin Approaches to Curtailment



All Results Presented herein are Preliminary and Subject to Change

GENERAL OBSERVATIONS

1. Of Colorado's ~2.5 Maf of average annual consumptive use, approximately ~1.6 Maf is attributable to Pre-Compact rights, and ~900 Kaf is Post-Compact
2. TMDs constitute over half of the Post-Compact depletions (~56%)
3. Because of #2, the Colorado Mainstem users comprise 2/3 of all Post-Compact uses
4. The large TMDs often end up being the swing call, even across different volumetric reductions
5. Allocating deficit volumes pro-rata by sub-basin depletions results in substantially different administration dates for certain sub-basins when compared to a state-wide curtailment of all Colorado River water users.

END

Colorado River Risk Study Phase III Update

June 20, 2019

Modeling Assumptions, Additional Results, and other Background Information.

Disclaimer: The findings presented herein are for discussion purposes only, and do not represent the official position of any entity with respect to factual or legal matters concerning the Colorado River.

All Results Presented herein are Preliminary and Subject to Change

Preamble

The information herein is intended to accompany the handout of slides to be presented by John Carron of Hydros Consulting at the June 20, 2019 Four West Slope Basin Joint Roundtable Meeting in Grand Junction, Colorado. It provides additional background information and results related to the presentation, but is not intended to be a comprehensive report on the work, which will be produced as a Final Report this summer.

Please note that the presentation slides and this supplementary material is intended to provide background information regarding the hydrology, water operations, demands, and associated risk factors that may be considered when formulating future water management policies and strategies.

They are not comprehensive in that regard (for example, we make no attempt to quantify the economic costs or benefits of any hypothetical actions), nor should they be taken in any way as a proposal for action or statement of policy by any participating group.

As will become readily apparent in the presentation, the results presented are inextricably tied to the assumptions made about future hydrology, the fate of the 2007 Interim Guidelines, the Drought Contingency Plan, the rate of future growth of demand in the Upper Basin and Colorado, and a number of other model assumption. We are not attempting to forecast the future.

This document is organized into two sections. The first provides a broad overview of the modeling assumptions, including hydrology, demands, river operations, water rights administration, and the generation of output statistics. The second section generally follows the slide presentation sequence, providing additional background information and/or anticipating questions that may arise from those particular slides.

Model Background

1. Modeling Tools

The results presented for Lake Powell and Lee Ferry flows are from model runs simulated using the Colorado River Simulation System (CRSS) see, for example, <https://www.usbr.gov/lc/region/g4000/riverops/model-info-APR2018.html>). The CRSS Model is available from Reclamation online: http://bor.colorado.edu/Public_web/CRSTMWG/CRSS. This model

has been modified to reflect various components of the Drought Contingency Plan, Minute 323 of the U.S./Mexico Treaty, and to incorporate river flows at the various outflow points from the State of Colorado, which are generated using StateMod (see below, and also the final report from Phase II Task 2 of the Risk Study).

To simulate water use within the State of Colorado, we utilize the StateMod modeling tool available from the Colorado Water Conservation Board (CWCB) (<https://www.colorado.gov/pacific/cdss/statemod>). The StateMod versions used in this analysis included the “west-slope linked model” provided by the CWCB, and the individual basin models available through the CDSS website.

The linked model has the same basic model structure as used by the State for its Compact Compliance Study. The linked model as provided by the CWCB did NOT include any assumptions regarding methodologies for administering a compact call, nor did it include any alternate hydrology or demand data outside of what can be obtained from the CDSS website. We also employed the individual basin models for each west slope sub-basin. These are the “Yampa/White”, “Colorado”, “Gunnison”, and “San Juan/Dolores” basins. The Yampa/White basin model is actually two separate model networks, and so results are presented separately for those two basins.

2. Model Assumptions

Hydrology:

The hydrologic basis for the modeling results herein is the so-called “Stress Test Hydrology” which covers the calendar years 1988-2015. The Stress Test hydrology was used extensively by Reclamation and the Upper Colorado River Commission when evaluating possible actions for the Drought Contingency Plan, and was also used in Phases I and II of this study.

None of the StateMod models used for this work extend through 2015. As a result, we appended data for the “missing” years by examining historical flows at gage locations for both the missing years and other available years in the model database. The missing years were then “filled” by using years that most closely replicated the gage volumes. This also allowed us to synchronize the StateMod model with the CRSS model, which already contained the full Stress Test period hydrology.

Water Rights Administration:

We use two different approaches to simulate water rights administration in StateMod. The default behavior in StateMod is to use the administration numbers assigned to each water right when simulating priority administration of each basin. A water right’s administration number is generally based on its adjudication date, prior adjudication dates, and its appropriation date. Use of the administration numbers in StateMod is consistent with the generally accepted understanding of how rights are administered “on the ground”.

The second approach is to use appropriation dates. When considering both the Colorado River Compact and potential administration across sub-basins within Colorado, it is worth considering differences in the timing of sub-basin adjudications, and also the interplay in timing between adjudication dates and the enactment of the Compact. It is also important to note that an appropriation date in and of itself does

not guarantee a pre-compact right, as the use of that water may not have been perfected by the date of the Compact.

Unless otherwise noted, we use the administration number paradigm for the StateMod analyses in this study.

Demands:

Two different data sets were used to represent “current” and “future” demands. For StateMod, the baseline data set is the best estimate of current demands within Colorado. The purpose of the “future” demand data set was to illustrate how an increment of additional consumptive use could impact the level of risk in the upper basin. Through coordination with the west-slope BRT technical representatives, we developed a “reasonable increment” of growth for each basin. In basins with Programmatic Biological Opinions (PBOs), we based the increment of growth on assumed full use of the PBO “allowances”. For basins without PBOs, we developed additional demands that were subjectively similar in scope to those developed under the PBOs, and to the extent possible based on existing decrees, projects, or published studies and reports. These future demands were added to the StateMod model(s) and a new set of depletions and basin outflows were developed*.

The table below shows the new demands by basin in the right-hand column. The average yield of the new demands is shown in the left column of data, and the total increase in consumptive use by basin is shown in the center column. Note that introduction of new demands on the system does not necessarily translate into additional depletions of the same volume. In the Colorado and Southwest basins in particular, new demands may be limited due to hydrologic shortages, particularly in dry years. The average annual increase in consumptive use of Colorado River Basin water in Colorado resulting from the addition of ~384 Kaf of new demands was slightly less than 290 Kaf, or about 11.5% of the current average annual depletion.

The values developed for the hypothetical future use in Colorado needed to be replicated for the other states of the Upper Basin in order to run future scenarios in CRSS. Using Colorado’s current (2019) share of demands under the 2016 UCRC demand schedule we matched the 11.5% increase for Colorado with an upper-basin-wide increase of 11.5%. That increase in use is approximately equivalent to 2037 demands in CRSS (using the 2007 UCRC demand schedule). Thus, when running CRSS for future use projections, Wyoming, Utah, and New Mexico demands were based on the 2037 demand level, which is an increase over current demands of about 300 Kaf for those three states.

StateMod Linked Model	Future Use Depletions (AF/yr)		
	Average Yield of New Depletions	Average Increase in Basin Depletions	Input Demand
Yampa	29,506	29,485	30,104
White	61,839	61,787	65,000
Upper Colorado & Front Range	86,077	82,425	120,450
Gunnison	31,053	31,100	37,900
Southwest	81,104	82,355	130,499
StateWide	289,578	287,153	383,953

**Note: The “future” demands shown are NOT intended to advocate for any specific projects, to limit or push any specific level of development, or to suggest appropriate allocations of growth across sub-basins. The purpose of simulating these demands is primarily to develop an understanding of how increased consumptive use in the upper basin as a whole may impact the likelihood of reaching critical elevations at Lake Powell or critical volumes at Lee Ferry.*

Trans-Mountain Diversions (TMDs):

As much as 500 Kaf of water is diverted from the Colorado River Basin into other basins within the State of Colorado. These diversions can be found in most Colorado sub-basins. Well over 95% of TMD water is diverted from the mainstem of the Colorado River itself. An even higher percentage of the TMDs used for M&I water originate from the Colorado mainstem. For this study, we only examine Colorado mainstem TMDs and the impact of a potential compact call on those water users.

CRSS River Operations:

The CRSS model simulates operations of many of the large Federal storage projects within the basin. Within Colorado this includes the Aspinall Unit and Taylor Park Reservoir. The other major CRSP reservoirs are also simulated (Powell, Navajo, Flaming Gorge), as well as the large main stem reservoirs in the Lower Basin (Mead, Mohave, Havasu). Operating policies for the Upper Basin CRSP facilities are based primarily on the Records of Decision for each (including the 2007 Interim Guidelines that dictate Lake Powell operations), and are part of the “standard” ruleset for the CRSS model.

Drought Contingency Plans (DCPs) and Minute 323 of the US/Mexico Treaty: CRSS was modified to incorporate the major components of the recently approved DCPs and Treaty Minute 323. For the Upper Basin, we only include the proposed Drought Operations of the CRSP facilities in the model. The Drought Operations ruleset was developed jointly by the UCRC Engineering Committee and Reclamation during DCP negotiations. The final version used by Reclamation in its DCP modeling is included in our simulations. No attempt was made to incorporate demand management or cloud seeding/flow augmentation in our modeling.

For the Lower Basin DCP, the model reduces deliveries to the states as laid out in the Lower Basin DCP agreement, and includes an assumed annual contribution by Reclamation of 100 Kaf. Minute 323 is also represented in the model, and reductions in deliveries to Mexico through their pro-rata “matching” of both the Interim Guidelines shortages and the DCP reductions are included.

Model Execution and the Index Sequential Method:

The CRSS model uses the “Index Sequential Method” (ISM) to perform multiple simulations using a single hydrologic data set. In this study, the Stress Test hydrology spans the period 1988-2015. That 28 year period of data is used to develop 28 different hydrologic traces. Each of these traces is then modeled in CRSS. Each simulation (trace) starts with a different year. The first trace is 1988-2015. The second trace begins with year 1989, runs through 2015, then appends 1988 as the last year of the trace. The third trace begins in 1990, runs through 2015, and then appends 1988 and 1989 onto the end. In this fashion, each year of the stress test period is used once as the start year, and the traces “loop through” the historical period.

Slide Presentation Addenda

Slide #3:

The entire text of Principle 4 reads:

“Principle 4: A collaborative program that protects against involuntary curtailment is needed for existing uses and some reasonable increment of future development in the Colorado River System, but it will not cover a new TMD.

A collaborative program that protects existing uses and an increment of future development is a necessary element of Colorado’s water planning, regardless of whether a new TMD is developed. The Framework includes this principle to make clear that a collaborative program would not protect a new TMD.

The collaborative program should provide a programmatic approach to managing Upper Division consumptive uses, thus avoiding a compact deficit and ensuring that system reservoir-storage remains above critical levels, such as the minimum storage level necessary to reliably produce hydroelectric power at Glen Canyon Dam (minimum power pool). A goal of the collaborative program is that protection of Colorado River system water users, projects, and flows would be voluntary and compensated, like a water bank. Such protection would NOT cover uses associated with a new TMD.

A second goal of the collaborative program is protection of the yield of the water supply systems in place in the Colorado River Basin from involuntary curtailment. To achieve this goal, the program would need to expand to accommodate future western slope growth and growth of existing water supply systems, the pace of which is not now known. Protecting additional consumptive uses will increase the program’s scope and challenges. Some basins, such as the less-developed Southwest and Yampa/White/Green Basins, anticipate the need for future development and will seek terms to accommodate it in the collaborative program. Regardless of “when” a use develops, the program would strive to protect uses at the time of shortage, with the exception of a new TMD. By adapting to accommodate increased uses at any given time, the program should not lead to a rush to develop water rights. Section 9.1 of Colorado’s Water Plan provides additional discussion of the collaborative program.

The collaborative program will develop in concert with intra- and interstate water policies. The IBCC and roundtables can provide an important forum for sharing the work of ongoing interstate negotiations, scoping technical analyses, and identifying issues of concern at the stakeholder level, as well as providing input to the CWCB as it manages and conducts the technical, legal, economic, and other studies necessary for implementation.

Slide #4:

Why elevation 3,525’? Section II.A.2 of the AGREEMENT FOR DROUGHT RESPONSE OPERATIONS AT THE INITIAL UNITS OF THE COLORADO RIVER STORAGE PROJECT ACT on the rationale for using 3525’ as the Lake Powell target elevation:

Target Elevation: For purposes of this Drought Response Operations Agreement only, Lake Powell surface elevation 3,525 feet mean sea level (“msl”) will be considered the “Target Elevation” for minimizing the

risk of Lake Powell declining below minimum power pool (approximately elevation 3,490 feet msl) and to assist in maintaining Upper Division compliance with the Colorado River Compact. The Parties agree that this elevation appropriately balances the need to protect infrastructure, compact obligations, and operations at Glen Canyon Dam, as storage approaches minimum power pool with the Upper Division States' rights to put Colorado River System water to beneficial use.

Elevation 3,525 is also the threshold for the Lower Elevation Balancing Tier of operations under the 2007 Interim Guidelines:

Lake Powell Operational Tiers (subject to April adjustments or mid-year review modifications)		
Lake Powell Elevation (feet)	Lake Powell Operational Tier	Lake Powell Active Storage (maf)
3,700	Equalization Tier equalize, avoid spills or release 8.23 maf	24.32
3,636 – 3,666 (see table below)	----- Upper Elevation Balancing Tier release 8.23 maf; if Lake Mead < 1,075 feet, balance contents with a min/max release of 7.0 and 9.0 maf	15.54 – 19.29 (2008 – 2026)
3,575	----- Mid-Elevation Release Tier release 7.48 maf; if Lake Mead < 1,025 feet, release 8.23 maf	9.52
3,525	----- Lower Elevation Balancing Tier balance contents with a min/max release of 7.0 and 9.5 maf	5.93
3,370		0

(Record of Decision – Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead, p.50.)

Note that releases under the Lower Elevation Balancing Tier could be as large as 9.5 Maf, while the maximum release in the Mid-Elevation Release Tier is 8.23 Maf.

Slide #5:

The May 2019 24-Month Study from Reclamation (<https://www.usbr.gov/lc/region/g4000/24mo.pdf>) forecasts that Lake Powell will end 2019 with 12,368,000 acre-feet of storage. That number is developed from the Colorado Basin River Forecast Center's most probable inflow data for the remainder of 2019 and projected releases, evaporation, and changes in bank storage through December 31.

Slide #6:

The “Stress Test Period” covers the calendar years 1988-2015. The average naturalized flow during that period is 13.18 Maf, with a maximum annual natural flow of 20.3 Maf in 2011, and a minimum of just over 6.0 Maf in 2002.

The average annual flow over the period of record (1906 – 2018 provisional) is 14.75 Maf.

The average annual flow over the period 2000 – 2004 is 9.55 Maf.

The average annual flow over the period 2000 – 2018 (provisional) is 12.36 Maf.

(Statistics above derived from data provided by Jim Prairie, Upper Colorado Region, Reclamation; May 3, 2019)

All of the modeling results presented herein are based on simulations using the Stress Test period hydrology. For this work we did not consider paleo-hydrology or climate change forecasts.

Slide #7:

For an overview of the modeling tools and assumptions used in this analysis, refer to the **Model Background** section above.

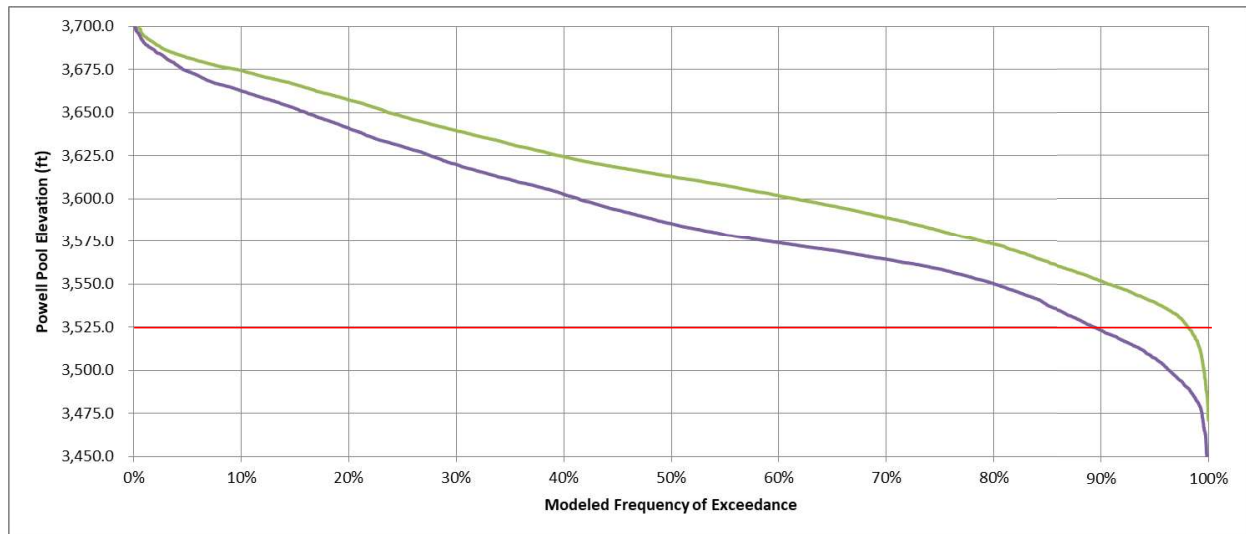
Background on the statistics presented in bullets 1-3: Recall that using the ISM method, the model generates a total of 28 traces, resulting in 28 simulations. For this study, we perform statistical analysis on the first 25 years of each simulation. Thus for the “current conditions” run there are a total of 28 traces x 25 years per trace = 700 years of data. There are two main statistical approaches we use to evaluate the outputs.

One is to quantify the likelihood that a specific event happens in any year across all the traces. Using Lake Powell Elevation as an example, we might count the number of years that Lake Powell drops below 3525 on January 1. If we find 11 such occurrences, then the likelihood of Lake Powell hitting that elevation in any given year would be $11/700 = 1.43\%$.

The second approach is to quantify the number of traces in which a particular event occurs. Keeping in mind that each trace is a hypothetical projection into the future, we would want to understand how many of those possible futures contain a bad outcome. It may not necessarily matter if it happens next year or in 20 years, we just want to know IF it happens. Now let’s assume that each of those 11 events mentioned above happened in different traces (our “futures”). Of all our assumed futures, 11/28 or ~39% are likely to encounter this condition at some point in the next 25 years. Now the risk looks very different, even though it is based on the same data.

This second approach, looking across the possible futures, is the method we use to generate the statistics for Slide #7.

The following exceedance curve uses the first approach, and the same model outputs for current and future demand runs as used for Slide 7. The difference between these two statistical methods explains why the exceedance curve - showing modeled likelihood across all years - can be perceived to represent a very low risk.



Slide #8:

Hopefully the previous presentation on the DCP provided sufficient background on this slide.

Slide #9:

The definition of a compact deficit itself is far from settled, and we are not going to delve into that question here. Nor is it a foregone conclusion that a deficit, if and when it does occur, would result in an involuntary curtailment.

Slide #10:

The data in this slide is developed from the individual CDSS (StateMod) basin models. The models use the current conditions (baseline) demand set from the CDSS website. These depletion values include evaporation and other losses incidental to water use. The variability in consumptive use is a result of hydrologic variability and the resulting simulation of junior users being called out in the model. For this and most subsequent slides, the main stem Colorado depletion values will be presented as a whole, as well as split into in-basin and trans-mountain diversion (TMD) uses.

Slides #11 - 12:

The questions surrounding the definition of pre-compact vs post-compact water rights (and perfected use) are numerous and beyond the scope of this work. Slide 12 shows the differences between the 1922 and 1929 compact dates, when determining pre-compact water use in Colorado. The default behavior for StateMod is to use Administration Numbers – which are derived largely from adjudication dates – when simulating water allocation. StateMod can also use appropriation dates to simulate the administration of water. Using appropriation dates instead of administration numbers when modeling a compact call yields between 105 Kaf and 125 Kaf additional pre-compact consumptive use in Colorado, depending on the assumption of compact date of enforcement. The results in this presentation related to a full compact call are based on model simulations that use administration numbers, and the Nov 24, 1922 compact date.

Slide #13:

To simulate the effects of a compact call on all post-compact rights, and to determine the total amount of (modeled) pre-compact consumptive use, we apply an infinitely large demand at the bottom (state line) of each model, with a priority date of 11/24/1922. Because there could be significant inter-annual variability in yield based on hydrology, we simulate the call for the entire simulation period, and then compute the average consumptive use across all years. This average pre-compact consumptive use totals ~1.6 Maf, and is shown in the middle column. The first column is from slide 10, and the third column is simply the percent of each basin' consumptive use that is attributable to pre-compact rights.

Slide #14:

The average annual volume of post-compact consumptive use is computed by subtracting the pre-compact average from the total average for all users. This difference represents approximately 932 Kaf of consumptive use by post-compact rights. The table percentages show the distribution by basin of those post-compact rights relative to the total, and the pie-chart is a visual representation of those percentages.

Slides #15-#26:

The results in this group of slides are based on a number of different “what-if” scenarios. The purpose of these scenarios is NOT to advocate for a particular approach to involuntary curtailment, nor to exclude any other possible approaches.

Slide #15:

What if...

Perhaps a total curtailment of all post-compact rights is not necessary to overcome a compact deficit, or perhaps an agreement is reached whereby Colorado water users must curtail a certain amount of consumptive use over some period of time. One obvious question would be, *“how deep would a call across all basins using a single administration number need to be in order to yield a certain volume of reduced consumptive use”?* To answer this question, we turned to the linked StateMod model that combines all the west-slope basin models into a single model that can be used to simulate the impact of a single call on all Colorado River water users.

To estimate the administration dates in the table, we place a large “demand” at the outflow point of the linked model, and iterate the model at different administration dates until we achieve the desired average yield. So for example, on average, to achieve a statewide reduction of 300,000 af. would require curtailment of all rights junior to September 1940.

To reiterate: all these simulations use administration numbers (based largely on adjudication dates), not appropriation dates, when simulating calls. The difference between depth of call when simulating these volumes using those two different administrative schemes is very small.

Slide #16:

This slide simply takes the total volumes and call dates computed in the previous slide, and breaks out how much reduction in consumptive use would result in each of the sub-basins. For example, a state-

wide September 1940 call would result in curtailment of an average of 40,233 af. in the San Juan/Dolores (Southwest) basin, or about 13% of the 300,000 af. total.

Slide #17:

This graphic is simply a bar chart reproduction of the data from the previous slide. The lighter colored “In-Basin” and “TMD” bars are the breakout of the Colorado mainstem total into those two constituent user types.

Slide #18:

In Slides #15-#17, we explored what a partial call across all basins using a single administration number might look like. Another approach might be to allocate the volume of required consumptive use reduction pro-rata, across the sub-basins, based on each sub-basin’s percentage of *post-compact* use. We can also explore the split in post-compact use between in-basin and TMD use in the Colorado mainstem.

Slide #19:

To develop a pro-rata distribution of each sub-basin’s hypothetical obligation to meeting the state-wide total reduction, we apply the percentage of post-compact use by sub-basin that was shown in slide #14, and compute each sub-basin’s portion. The volumetric requirements under this hypothetical approach are shown in the table.

Slide #20:

Under the scenario described in the previous slide, each sub-basin is responsible for its own pro-rata reduction in post-compact depletions. There are a number of different ways those sub-basins could agree on to reduce that volume of use. One such approach would be to implement a call within that sub-basin to a seniority that would yield the required volume.

For example, if the State is required to conserve 300,000 af, the Yampa basin’s portion of that volume under this approach would be 18,811 af. Using the Yampa StateMod model, we can compute a call date of August 1962 that would yield, on average, that volume of reduced consumptive use.

Slide #21:

We again perform a set of runs in StateMod using each sub-basin model to determine the call seniority by sub-basin that would be required to generate the target volumes. Those dates and associated volumes are shown in the table.

Note that a comparison can be made for each basin, by date and volume, with the state-wide call date shown in slide #15.

Slide #22:

Another hypothetical we can explore is allocating responsibility on the Colorado mainstem between in-basin post-compact uses and TMD post-compact uses (The vast majority of TMD consumptive use is post-compact). We only perform this analysis on the Colorado mainstem, as TMDs from other sub-basins are a very small percentage of total water use in those basins.

The Colorado mainstem as a whole consumes 67.2% of post-compact water in the State. That 67.2 percent is split into 57.1% (of the state-wide total) for the TMDs, and 10.1 % of the state-wide total for in-basin Colorado mainstem users.

As a percent of the Colorado mainstem alone, TMDs constitute 85% of post-compact use, with in-basin use comprising the remaining 15%.

Note that the call seniority is largely unchanged for the TMDs, but the in-basin call seniority is somewhat relaxed by this approach.

Slide #23:

From the above analyses, we can compare a state-wide call with a pro-rata distribution based on post-compact use, and see which sub-basins would experience deeper or shallower calls and associated volumes of use reduction.

Again, these call dates are the seniority required *on average* to yield the target volumes.

Slides #24-#26:

This set of slides aggregates the previous data into a comparison of these partial curtailment approaches and presents them by volume, and across each sub-basin. Note that the lighter shaded bars represent the breakout of Colorado mainstem uses into in-basin and TMD components.

Slide #27:

This is a short and necessarily incomplete summary of observations. These observations are not intended to be comprehensive, but to be a launching point for additional conversation.

GO BACK

Grand Valley Water Users Association

Conserved Consumptive Use Pilot Projects

Final Report



May 2019

Prepared by: J-U-B ENGINEERS, Inc. and the
Grand Valley Water Users Association

Grand Valley Water Users Association
1147 24 Road
Grand Junction, CO 81505

J-U-B ENGINEERS, Inc.
305 South Main Street
Palisade, CO 81526

Table of Contents

1.0	Introduction.....	3
2.0	The 2017 CCUPP.....	3
2.1	2017 CCUPP Administration.....	3
2.2	2017 Program Elements.....	4
2.3	2017 Verification.....	6
3.0	The 2018 CCUPP.....	6
3.1	2018 Administration	7
3.2	2018 Program Elements.....	7
3.3	2018 Verification.....	9
4.0	Cooperator Survey.....	9
5.0	Perspective of GVVUA	10
6.0	Conclusion	10

Appendices

Appendix A - CCUPP Development: Process, Procedure and Lessons Learned

Appendix B - CCUPP Contract

Appendix C - Exhibit B to CCUPP Contract

Appendix D - 2017 Complete Verification Packet

Appendix E - Memo to Board of Directors

Appendix F - Letter to Membership

Appendix G - 2018 Complete Verification Packet

Appendix H - CCUPP Survey Results

Appendix I – GVVUA Observations Regarding CCU Demand Management and DCP

1.0 INTRODUCTION

Over the past five years, the Grand Valley Water Users Association (GVWUA or the Association) has been involved in exploring the internal and external mechanisms and procedures, as well as the costs and benefits to the Association of Drought Contingency Planning (DCP) and Demand Management (DM). The GVWUA has engaged with numerous partners and stakeholders throughout the river basin and executed Conserved Consumptive Use Pilot Projects (CCUPPs) in 2017 and 2018. The following report briefly outlines the details of these pilot projects.

2.0 THE 2017 CCUPP

Significant effort went into creation of the 2017 CCUPP. That effort is described in the March 2017 report in seen appendix A. The overarching goals of the 2017 program were to:

- Gauge farmer interest
- Determine scalability
- Mitigate financial cost and risk to the GVWUA
- Continue to comply with existing GVWUA contracts
- Explore potential benefit to the GVWUA
- Generate questions and concerns surrounding DCP and DM
- Execute a pilot project within a defined time frame

The GVWUA engaged with several partners throughout the process of creating the 2017 CCUPP. The partnerships were integral to developing the pilot project and securing funding to engage in a pilot project of sufficient scale to achieve the goals outlined above.

2.1 2017 CCUPP Administration

A CCUPP contract between the GVWUA and the cooperating shareholder (Cooperator) was developed by GVWUA counsel and the program design consultant. The contract can be found in Appendix B of this report. Additionally, program compliance criteria and verification procedures were developed and vetted along with the contract by the GVWUA Board of Directors (BOD). Exhibit B to the contract can be found in Appendix C and outlines the Cooperator expectations for each program activity including the verification procedures. Map 1 attached to this report demonstrates the geographic distribution of acreage enrolled in the 2017 CCUPP.

The Association made the decision early in the process that an outside contractor would be hired to administer the program. The contractor gathered field level data and cooperator information prior to the start of the 2017 CCUPP to verify that each field within the project met the requirements set forth by the BOD. The contractor also conducted site visits throughout the irrigation season to verify that all program and contract requirements were being met by each cooperator on each individual field. Using an outside contractor was critical

for this effort, allowing the existing GVWUA management and staff to continue normal operations ensuring the CCUPP did not interfere with the service provided to the non-participating shareholders.

2.2 2017 Program Elements

The 2017 CCUPP required considerable effort to develop and execute. Multiple criteria were developed to select eligible Cooperators. Program participation was open only to irrigated fields within the GVWUA service area and cooperators were further required to meet the following criteria:

- Cooperators must be farming 120+ actively irrigated acres within the GVWUA service area and demonstrate a 3-year history as the “farm operator” of any acreage enrolled in the CCUPP
- Cooperators must commit a minimum 60 acres to the CCUPP
- No Cooperator can enroll more than 240 acres in the CCUPP
- Enrolled acreage cannot exceed 50% of the 2016 irrigated acreage under the Cooperators control

Table 1 illustrates the Cooperator enrollment data. A total of 10 Cooperators were enrolled in the program. Thirteen potential cooperators initially signed up for the 2017 CCUPP. Ten cooperators were selected through a lottery process and entered into the program.

Table 1: 2017 CCUPP cooperator enrollment

Cooperator ID	Cooperator Total Acres	Program Activity			
		AA	SS	WW	FF
10	60.8				60.8
11	240			240	
12	62.6		35.1		27.5
13	240			240	
14	85.9		30	55.9	
15	77.1		77.1		
16	69.9			69.9	
17	234.9				234.9
18	65.6		34.8		30.8
19	115.4	42.7	15.5	57.2	
Totals	1252.2	42.7	192.5	663	354

Multiple methods of conserving consumptive use were developed to offer flexibility to potential cooperators in creating CCU. All methods took some form of land fallowing. These methods were referred to as “program activities”. The program activities utilized in the 2017 CCUPP require cooperators to begin fallowing at the start of the irrigation season; generally, around April 1st. Each program activity had a different completion date allowing cooperators

to choose the duration of their participation and when they would like to begin applying irrigation water and bringing their field back into production. A description of the different program activities can be found in Table 2; the total acres enrolled in each program can be seen above in Table 1.

Table 2: 2017 CCUPP program activities and program costs by category

Costs Per Program Acre, 2017						
Program Activity	Fallow Period	Cooperator payment per acre	Administration per acre	Foregone revenue per acre	GVWUA infrastructure fund (20%)	Total cost per acre
Full Fallow (FF)	Entire irrigation Season	\$623	\$103	\$32	\$125	\$883
Fallow Until October 1 (WW)	April 1 through October 1	\$590	\$103	\$32	\$118	\$843
Fallow Until September 1, (SS)	April 1 through September 1	\$512	\$103	\$32	\$102	\$749
Fallow Until August 1 (AA)	April 1 through August 1	\$356	\$103	\$32	\$71	\$562
Reduced Delivery (RD)*	NA	\$290	\$104	\$32	\$58	\$484

*Indicates an unprescribed program activity

Other methods of conserving consumptive use were contemplated during project development. However, the methods utilized were chosen for the following reasons:

- Ease of administration
- No required instrumentation
- Ability to fit within major existing crop rotations
- Feasible to implement on short notice in a 1-year program

A fifth program activity was also offered but was not utilized by any cooperators for the 2017 CCUPP. The Reduced Delivery (RD) program activity allowed for cooperators to apply 2 ac-ft/ac of water to shallow rooted annual crops.

The payment for participation varied by program activity. Table 2 also demonstrates the per-acre payment to the Cooperator for participation in each program activity as well as the additional program costs. Costs were captured by the GVWUA to cover administration of the program, lost revenue from reduced water sales, and a 20% “commission” set aside in an infrastructure fund for the Association. The total 2017 CCUPP budget can be seen in Table 3.

Table 3: 2017 CCUPP program costs

Category	Cost
Cooperator Payments	\$ 725,473
Funds to GVWUA, Administration	\$ 128,977
Funds to Foregone Excess	\$ 40,070
Funds to GVWUA, Infrastructure	\$ 145,095
Total 2018 CCUPP Budget	\$ 1,039,615

In total the 2017 CCUPP contained the following elements:

- 13 applicants, 10 selected chosen by lottery
- 4 program activities (5 offered)
- 43 fields

- 1,252 acres
- 3,178 ac-ft conserved water

2.3 2017 Verification

Verification of water savings was completed by periodic site visits. The overarching assumption was that if active plant growth was terminated on the participating acreage during the fallow period then the requisite CCU was created. In the GVWUA system, water is available to acreage within the service area throughout the season and on an as needed basis for the entire membership. Therefore, the foregone water use of a crop during the CCUPP corresponds directly to water that remains in the river system. Water that would have been consumed by a crop on participating acreage was diverted from the Colorado River, but subsequently sent to the Grand Valley Power Plant (GVPP) and did not enter the in-valley distribution system.

Appendix D is a summary of the payments made to the cooperators for compliance with program rules as well as the actual compliance forms completed at each site visit. Verification was intentionally very thorough and done in person by a field technician familiar with the local agronomics, contracts, program assumptions and the Association expectations.

All Cooperators successfully complied with all program requirements throughout the 2017 CCUPP. Based on the level of compliance achieved the concept was successful and the requisite amount of CCU remained in the river system.

3.0 THE 2018 CCUPP

After successful completion of the 2017 CCUPP sufficient momentum existed amongst the GVWUA shareholders and board of directors to engage with our project partners in executing a second year of the project, referred to as the 2018 CCUPP. The overarching goals of the 2018 program were to:

- Expand the program to smaller shareholders
- Allow farmers to utilize water savings as a crop rotation
- Continue to learn and build on the knowledge gained
- Continue to be a part of the conversation around drought contingency planning and demand management

Appendix E is a memo written to the BOD about the 2018 program activities and expected lottery procedures. The memo in Appendix D is included to demonstrate a portion of the decision-making process that accompanied the creation of a 2018 CCUPP. The decision to continue our efforts was not taken lightly by the BOD and many contentious issues were raised throughout the process.

3.1 2018 Administration

The 2018 CCUPP contract between the GVWUA and the Cooperator was very similar to the 2017 contract, with minor changes reflecting the change in year and differing acreage limitations. The 2nd and 3rd pages of Appendix E are “Form A” given to each association member contemplating participation in the 2018 CCUPP.

A major difference in the 2018 program was the expansion to include participation of smaller shareholders. Because of the large number of shareholder accounts meeting the minimum acreage requirement, notice was sent to all shareholders soliciting applications for participation. An example of the letter sent to the membership can be found in Appendix F. Exhibit B (Appendix C) was consistent between both years of the CCUPP. Map 2 attached to this report demonstrates the geographic distribution of acreage enrolled in the 2018 CCUPP.

3.2 2018 Program Elements

The 2018 CCUPP again took considerable effort to develop and execute. The BOD expressed similar concerns regarding the program as they had in developing the 2017 CCUPP. New concerns were raised that only existed because of the experience the Association had with the 2017 program. The GVWUA BOD gave clear direction that a second year of the program should expand the opportunity for participation to smaller producers and operate in an open and transparent manner with the Association membership. Additionally, the board of directors contemplated significant changes to the program activities and program structure. Differing criteria were developed for participation to expand the program amongst shareholders. Program participation was again open only to irrigated fields within the GVWUA service area and cooperators were further required to meet the following criteria:

- Cooperators must be farming 30+ actively irrigated acres within the GVWUA service area and demonstrate a 3-year history as the “farm operator” of any acreage enrolled in the CCUPP
- Cooperators must commit a minimum 20 acres to the CCUPP
- No Cooperator can enroll more than 240 acres in the CCUPP over both years of the program
- Enrolled acreage cannot exceed 50% of the 2017 irrigated acreage under the Cooperators control

Table 4 demonstrates the cooperator enrollment data for the 2018 CCUPP. A total of 16 cooperators were enrolled in the program: 11 new cooperators and five returning cooperators who also participated in the 2017 CCUPP. Although a lottery procedure was developed, we did not receive enough applications to fully prescribe the program and therefore all applications were accepted. However, had the program not included the 240-acre limit for any single Cooperator likely the 2018 CCUPP could have enrolled significantly more acreage. Most likely an additional 500-1000 acres would have enrolled amongst the 3 Cooperators who participated at the maximum 240 acre limit during 2017.

Table 4: 2018 CCUPP cooperator enrollment

Table 7. 2010-2011 Cooperator Enrollment				
Cooperator ID	Cooperator Total Acres	Program Activity		
		SS	WW	FF
New Cooperators:				
10	125.5	125.5		
11	20			20
12	27.4			27.4
13	26	26		
14	20.2			20.2
15	17.5			17.5
16	36.6			36.6
17	240	11.1	228.9	
18	24.8	10.7		14.1
19	167.3	48.6	75.7	43
20	37.5	37.5		
Returning Cooperators:				
21	73.3	45.5	27.8	
22	60.1	60.1		
23	86.3		86.3	
24	48.7	4.6	44.1	
25	57.6			57.6
Totals	1068.8	369.6	462.8	236.4

Similar methods of conserving consumptive use were developed and utilized during the 2018 CCUPP. Significant effort was put into developing a Summer Fallow (SF) program that would allow a cooperator to fallow ground through the hottest parts of the summer and still maintain the ability to harvest forage early, either mechanically or through grazing, and return the field to production in the fall in time to establish a new crop. Table 5 demonstrates the 2018 program costs as well as the program activities allowed during the 2018 program.

Table 5: 2018 CCUPP program activities and program costs by category

Costs Per Program Acre, 2018						
Program Activity	Fallow Period	Cooperator payment per acre	Administration per acre	Foregone revenue per acre	GVWUA infrastructure fund (20%)	Total cost per acre
Full Fallow (FF)	Entire irrigation Season	\$623	\$103	\$32	\$125	\$883
Fallow Until October 1 (WW)	April 1 through October 1	\$590	\$103	\$32	\$118	\$843
Fallow Until September 1, (SS)	April 1 through September 1	\$512	\$103	\$32	\$102	\$749
Summer Fallow (SF)*	May 15th through October 1st	\$470	\$103	\$32	\$94	\$699
Fallow Until August 1 (AA)*	April 1 through August 1	\$356	\$103	\$32	\$71	\$562

*Indicates an unprescribed program activity

The SF and AA programs were not utilized by any cooperators in the 2018 program. However, considerable interest existed in the SF program. The Grand Valley tends to have a shortage of Spring and Fall pasture land for sheep and cattle operations. Creating the SF program was an

attempt to recognize the potential value of the water during the mid-summer months while still capturing the value from spring and fall grazing. Had there been more lead time for Cooperators this program activity likely would have had significant subscription. Livestock agriculture adds another layer to decision making and there was not sufficient time to identify the locations, livestock, lease agreements, etc. necessary to properly plan and take advantage of the SF program.

The payment for participation was consistent during both 2017 and 2018 for each program activity. Table 5 also demonstrates the per acre payment to the Cooperator for participation in each program activity as well as the additional program costs. The total 2018 CCUPP budget can be seen in Table 6.

Table 6: 2018 CCUPP program costs

Total	Cost
Cooperator Payments	\$ 609,564
Funds to GVVUA, Administration	\$ 110,086
Funds to Foregone Excess	\$ 34,202
Funds to GVVUA, Infrastructure	\$ 121,913
Total 2018 CCUPP Budget	\$ 875,765

In total the 2018 CCUPP contained the following elements:

- 16 applicants, 16 selected, no need for lottery process
- 3 program activities (5 offered)
- 51 fields
- 1,069 acres
- 2,715 ac-ft conserved

3.3 2018 Verification

The verification mechanism for the 2018 CCUPP was consistent with the 2017 program. Periodic site visits were made by the contractor with phone calls and consultation amongst the contractor and cooperator to determine efficacy of different compliance approaches.

Appendix G is a summary of the payments made to the cooperators for compliance with program rules as well as the actual compliance forms completed at each site visit. Verification was intentionally very thorough and done in person by a field technician familiar with the contracts, and aware of the need to manage the perception of the CCUPP within the community, consistent with the procedure from 2017.

4.0 COOPERATOR SURVEY

After completion of both pilot projects, a survey of the 21 cooperators was completed. The survey was done to gain an understanding of the perceptions of the CCUPPs among the people most involved. The survey results can be found in Appendix H.

5.0 PERSPECTIVE OF GVWUA

From the perspective of the GVWUA these projects have been in important step in developing the Association level thinking around DCP and DM. Perhaps more importantly the process has allowed management and the BOD to develop mechanisms for participating in the conversations and decision-making process surrounding water management in the future.

The Colorado River basin continues to be stressed by demands, hydrology and climate change and irrigators throughout the basin, including the GVWUA, must protect their rights to the consumptive use of the resource. The GVWUA believes that protection is most likely to be gained through active participation and partnership building amongst the other users and decision makers within the basin. Participation in the pilot projects provided the GVWUA with a mechanism to better understand the risks associated with a changing water management landscape.

The GVWUA has also benefited financially from participation in the pilot projects. Not only the membership that actively participated in the CCUPP as Cooperators, but also the entire membership, and the surrounding agricultural community. In two years more than \$1.3 million was utilized within the Grand Valley to support farm profitability as direct payments to active farm operators utilizing water conservation as a crop rotation. Additionally, \$267,000 was utilized for water delivery infrastructure improvements. Improvements that provide value to the entire membership of the GVWUA. The GVWUA was able undertake both projects without expending general funds for the administration of the projects or a financial loss from a decrease in water sales. The institutional knowledge gained by the association staff, management and BOD is also an asset moving forward in a changing water management landscape.

Continued involvement for west slope agriculture has also been an important outcome of the GVWUA involvement in the CCUPP. The Association does not assume responsibility for any water use outside of their service area or presume that any other irrigation entity should or will agree with their approach. However, agricultural water use is an important economic, cultural and environmental characteristic of the western slope and must be represented in negotiations and decisions about the future of water management in the Colorado River basin. The GVWUA involvement in the CCUPP has, for a short period of time, acted as a proxy for other agricultural water users. Leading the way for further discussion and advancement of ideas.

6.0 CONCLUSION

As a conclusion to the 2017 and 2018 pilot projects the document “*Observations regarding the use of Conserved Consumptive Use as a Demand Management tool to support Drought Contingency Planning in the Upper Colorado River Basin*” can be seen in Appendix I.



MEMORANDUM

JULY 1, 2019

TO: BOARD OF DIRECTORS
CC: ANDY MUELLER, GENERAL MANAGER
FROM: DAVE "DK" KANZER, P.E. & DON MEYER, P.E. *DK DM*
SUBJECT: COLORADO RIVER BASIN WATER SUPPLY CONDITIONS UPDATE GO BACK

***NO ACTION:** Informational status report on water supply conditions for Colorado River Basin
No action is requested*

STRATEGIC INITIATIVE(S):

- 3. B. The River District will engage in support efforts aimed at understanding climate change and how it may affect water supplies.*
 - 3. C. The River District will engage in and support water supply planning efforts, local and regional, which include adapting to climate change impacts.*
-

This memorandum provides a summary of the Colorado River Basin (CRB) water supply conditions for water year 2019 with quick looks ahead and back.

Colorado River Basin Hydrology and 2019 Water Supply Outlook

Near, but not record-breaking, water year 2019 represents a welcome return to above average hydrological conditions in the CRB.

Figure 1 shows the impressive evolution of the water supply forecasts from March through June 2019. This reflects the game-changing impacts of the El Nino influenced-, and 'atmospheric river' induced-storm track that brought multiple moisture-rich systems to the basin and western US.

Unlike early in the water year, when water supply forecasts were trending below average, January through May strongly 'moved the needle' from below to well above average conditions especially in the Upper Colorado River Basin within Colorado. The Yampa/White/Green watersheds lagged but benefitted from a wet spring and caught up to help push the April-July projected inflow volume (10.6 MAF as of July 1 forecast) for Lake Powell well above the long term average (148% of 30-year average).

This is a great relief for water managers in the CRB, a region that has experienced a record-breaking, 19-year dry spell of below running-average inflows to Lake Powell. With snow still remaining high in the watershed, the runoff season has been extended and flows remain above average across most of the CRB.

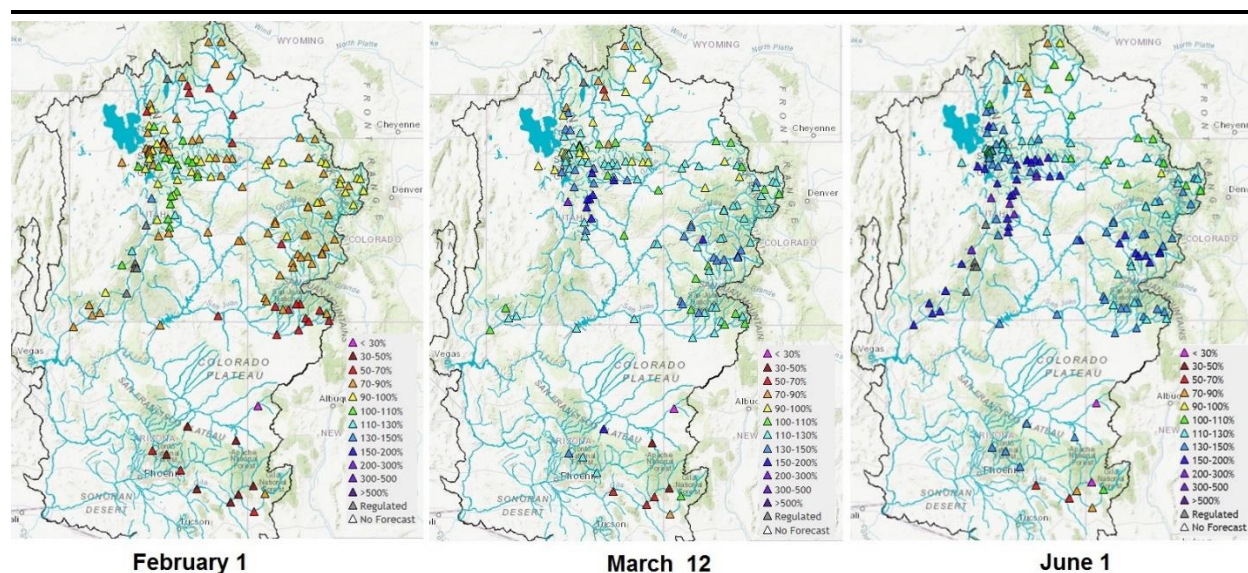


Figure 1: Colorado Basin River Forecast Center (CBRFC) 2019 Water Supply Forecast Evolution for February thru June

Looking forward, the forecasts remain favorable with the three-month outlook to remain wet and warm in the upper CRB (Climate Prediction Center published June 20) shown in Figure 2. Furthermore and amazingly, according to the Drought Monitor (www.drought.gov/drought) drought conditions are no longer present anywhere in the State of Colorado and likely to be removed throughout the entire Upper CRB by September 30, 2019.

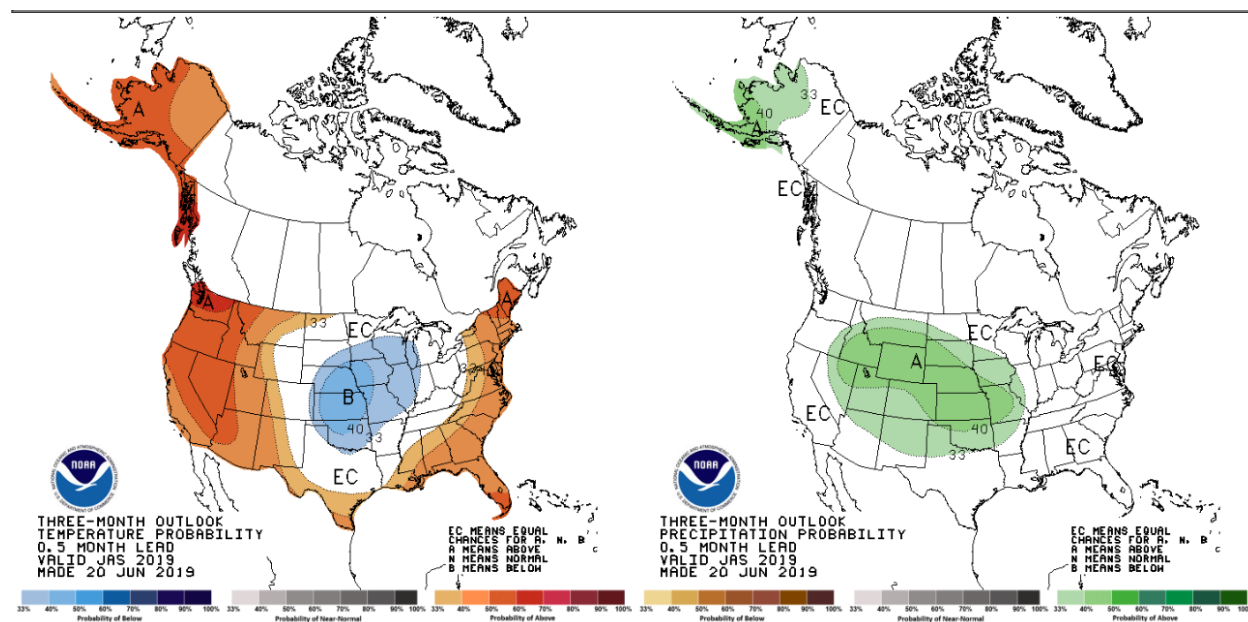


Figure 2: NOAA Three Month Temperature and Precipitation Outlook

This outlook, combined with current above average storage levels following last year's extremely dry year, represent an extraordinary turnaround. Almost all key water storage facilities are expected to fill, throughout the CRB. These reservoir recoveries exceeded all expectations,

especially in the Gunnison and Southwestern Colorado basins where previous water supply concerns at Blue Mesa, Taylor Park, Ridgway and McPhee Reservoirs were approaching critical conditions prior to runoff.

Across the Colorado River Basin, the current reservoir storage conditions, as a percent of average, are shown graphically in Figure 3.

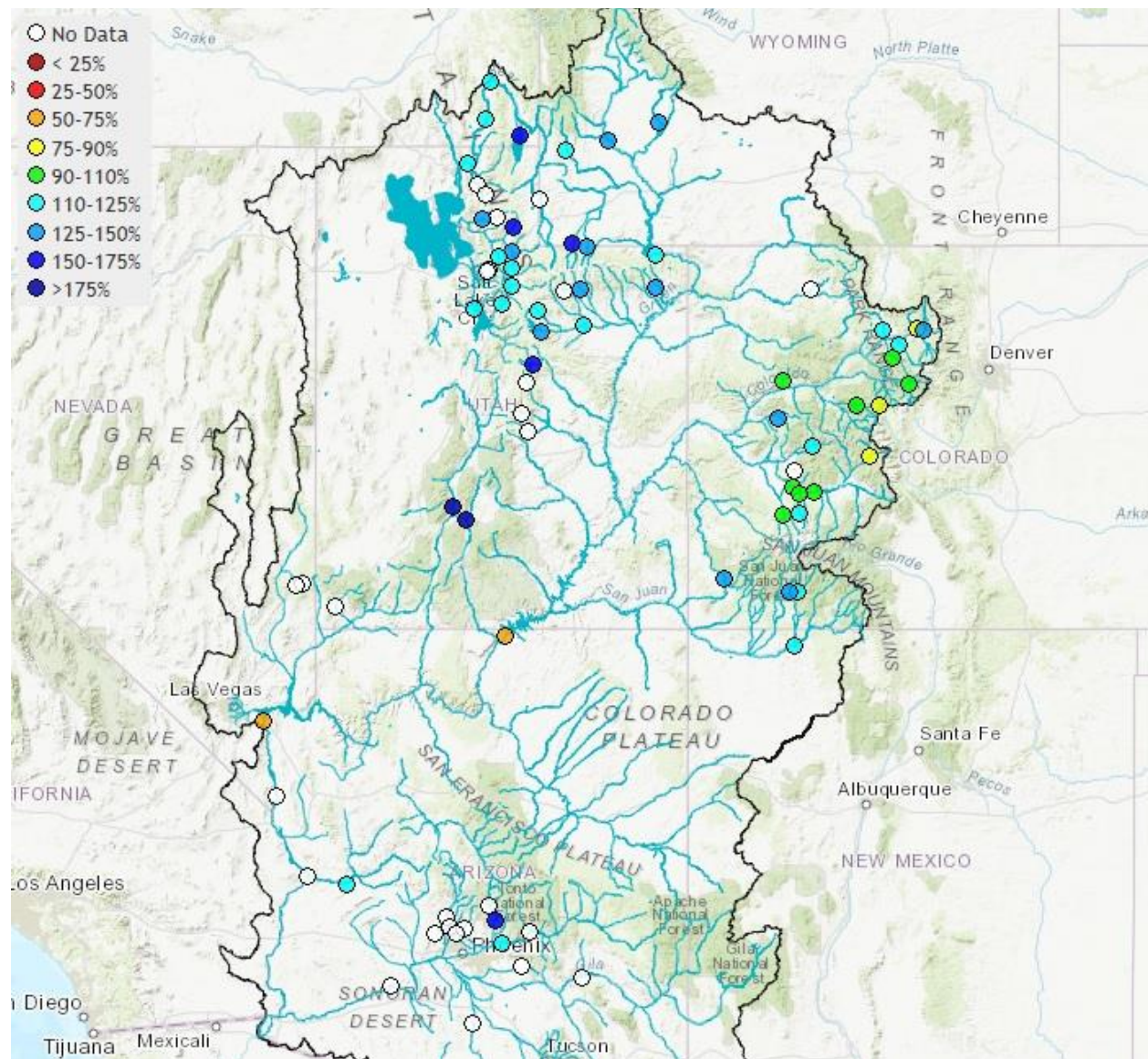


Figure 3: Reservoir Storage Conditions, as compared to long term averages – Colorado Basin River Forecast Center; June 28, 2019

Lake Powell Inflow Forecast Discussion

Looking down basin, the April-July inflow volume forecast for Lake Powell is also well above average at 10.6 million acre-feet (maf), or 148 percent of the 30-year average, as of July 1st. Based on the most probable inflow forecast, the June 24-Month Study projects a balancing release of 9.0

maf in water year 2020; consistent with the Interim Operating Guidelines. If the operating tier is not changed in the April 24-Month Study to be performed by the USBR in 2020, it would be the sixth straight year of greater than 8.23 maf releases (2014 was a 7.48 maf release). Additional information is anticipated with updated information and planning studies; relevant updates will be provided at the Board meeting.

This regional water supply outlook is consistent with current snowpack conditions at SNOTEL sites throughout the basin; these are shown in the map below (Figure 4) as compared to the long-term 30-year average.

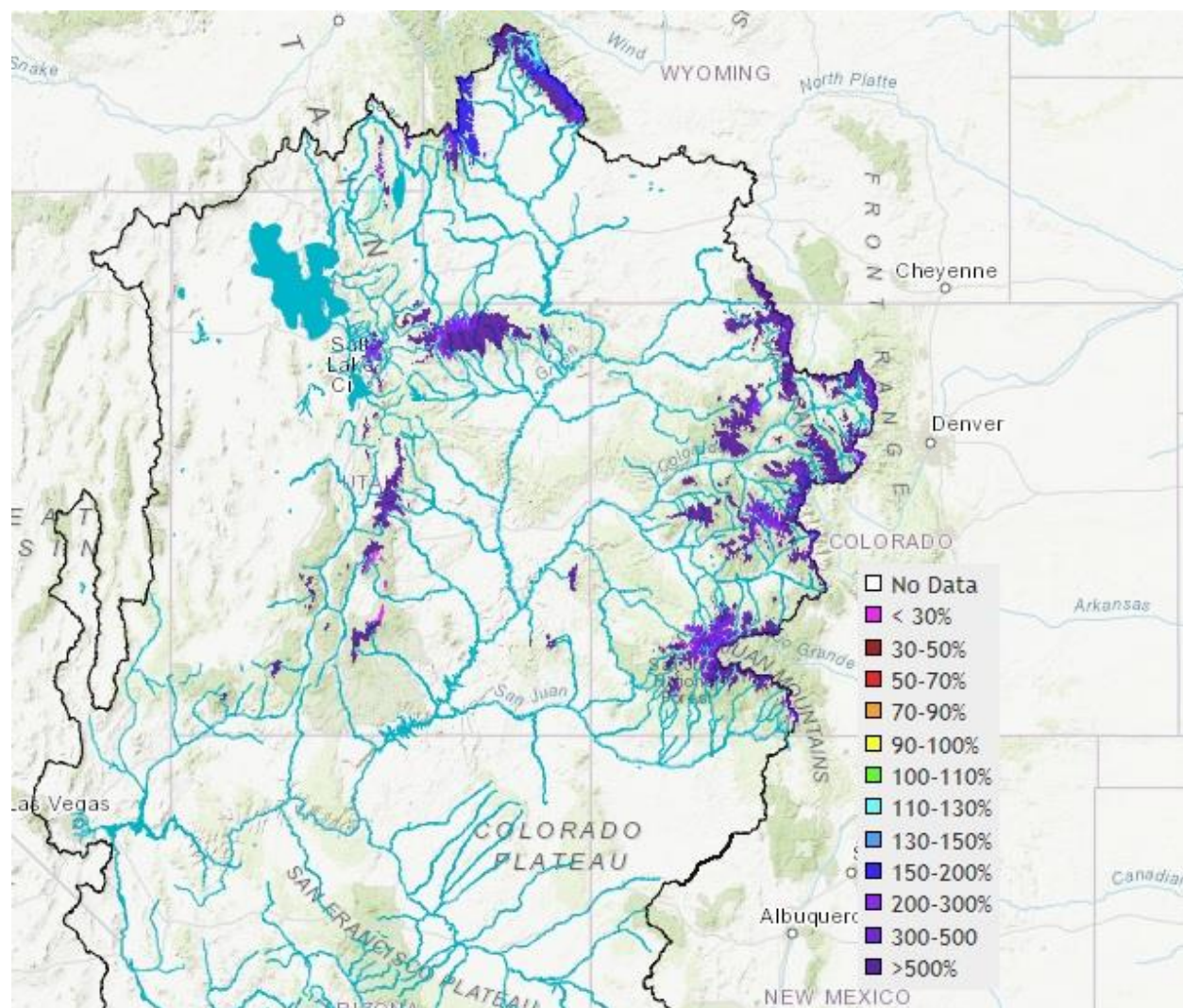
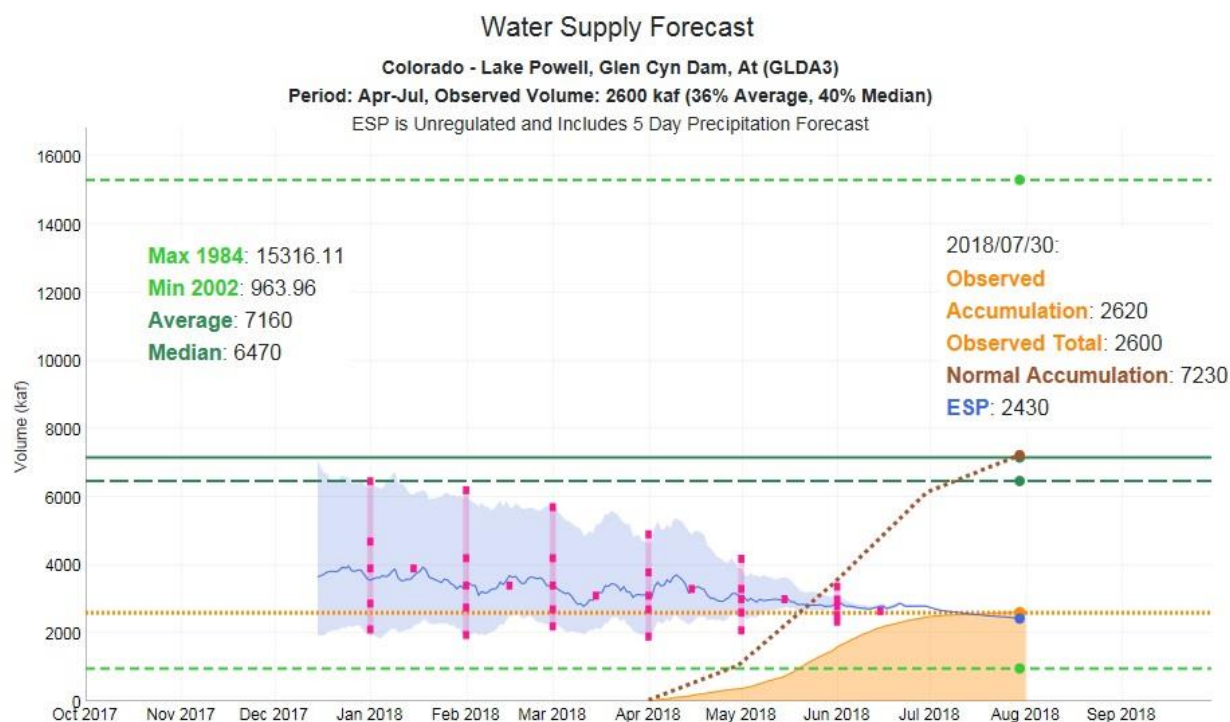


Figure 4: Snowpack Conditions as percent of long-term averages – Colorado Basin River Forecast Center; June 28, 2018

2018 Colorado River Basin Water Supply Review

Looking back to the previous water year, the evolution of 2018 inflow forecasts into Lake Powell is shown in Figure 5. The April – July observed inflow was only 2.6 maf or 36 percent of average. In comparison, 2019, is dramatically different with the projected April-July unregulated inflow volume is 10.6 maf or 148% of average.



Water Supply Forecast

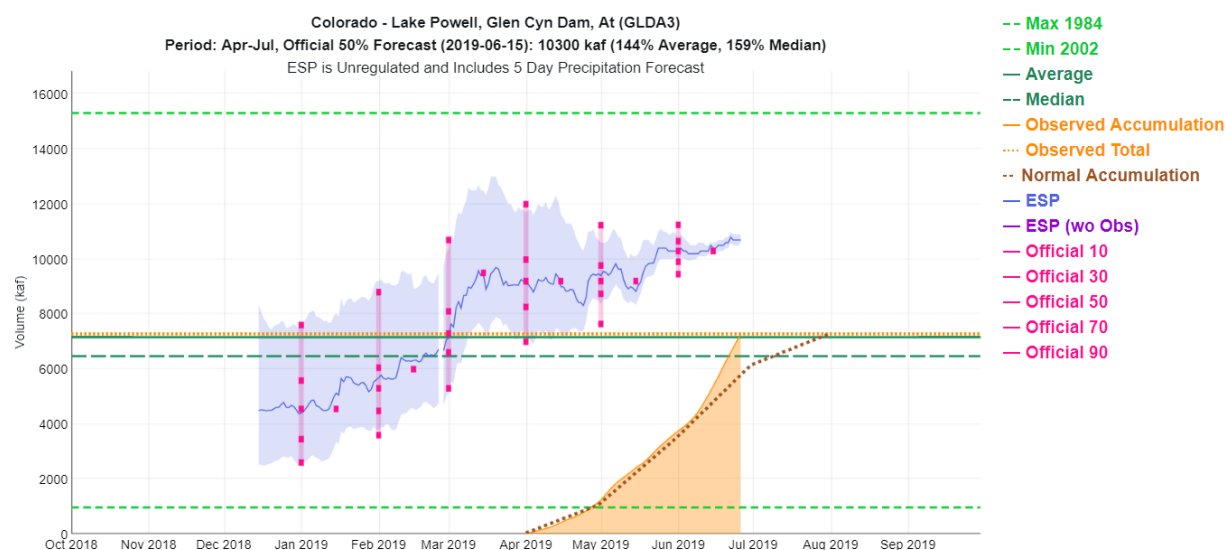


Figure 5: 2018 and 2019 Evolving Season Runoff Volume Forecasts for Lake Powell, Colorado Basin River Forecast Center

Upper Colorado River Basin within Colorado

Due to wet conditions in the South Platte, Denver Water shut off Roberts Tunnel in early March, and diversions through the Moffat Tunnel have been reduced, with about 400 cfs currently being bypassed to the Upper Colorado River. Due the slow and steady runoff, Northern was able to store or pump into Granby all inflow to Willow Creek reservoir, however the Municipal Subdistrict limited Windy Gap pumping to about 12,000 acre-feet over concerns Granby could spill. Boustead Tunnel was able to fully divert its junior right, and Twin Lakes will divert a full tunnel until early July when Twin Lakes Reservoir is expected to fill.

Coordinated Reservoir Operations (CROS) occurred late in June, with Green Mountain Reservoir releasing 1400 cfs through its power plant, and with Ruedi reservoir releasing nearly 800 cfs, Wolford participating over the spillway, and the Homestake System releasing 100 cfs. These operations targeted the declining limb of the hydrograph as measured above the Grand Valley at Cameo rather than on top of the natural peak, due to flooding concerns (see Figure 6). However, Green Mountain and Ruedi Reservoirs would have made large releases, regardless of CROS status, due to concerns about uncontrolled spills.

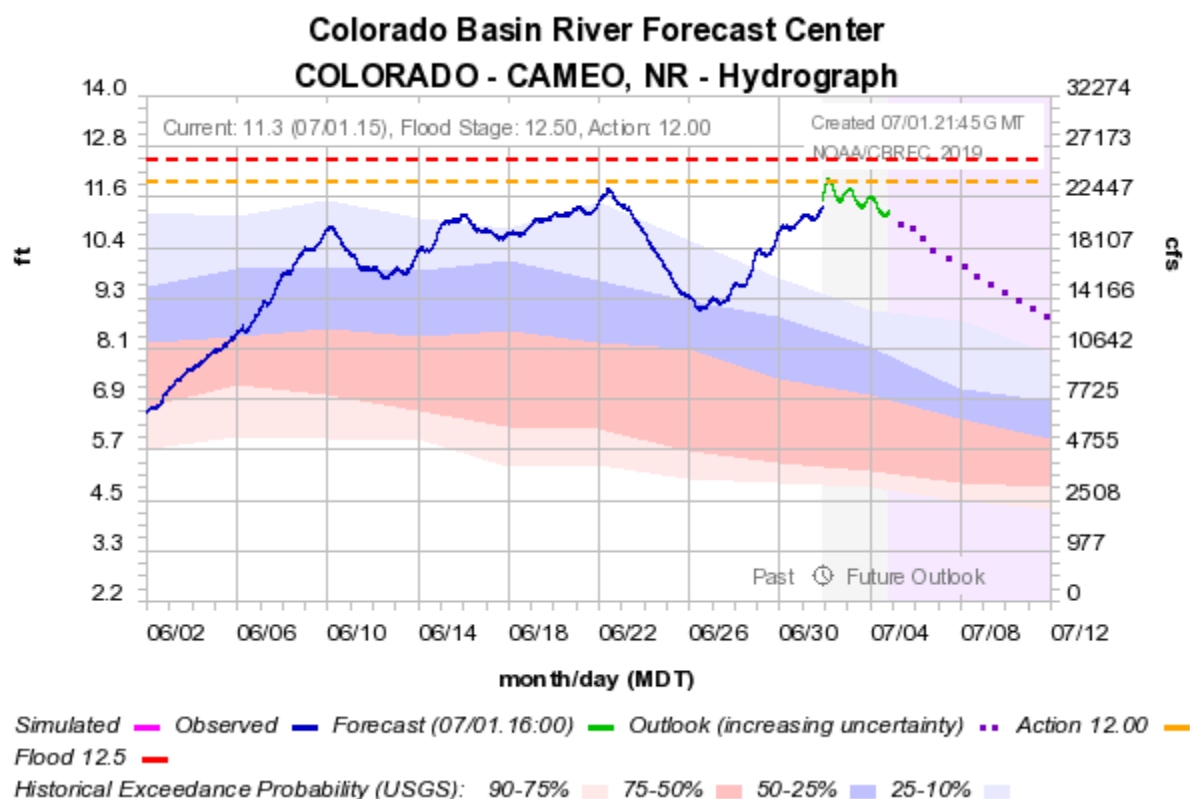


Figure 6: Recent and forecasted Flows at Colorado River near Cameo, above Grand Junction

Wolford Mountain Reservoir operations are shown in Figure 7. Inflow was slow and steady starting mid-April when the reservoir was 27 feet down from full, filling the reservoir June 10th. April-July runoff volume is expected to be 70,000 acre-feet or 130 percent of average.

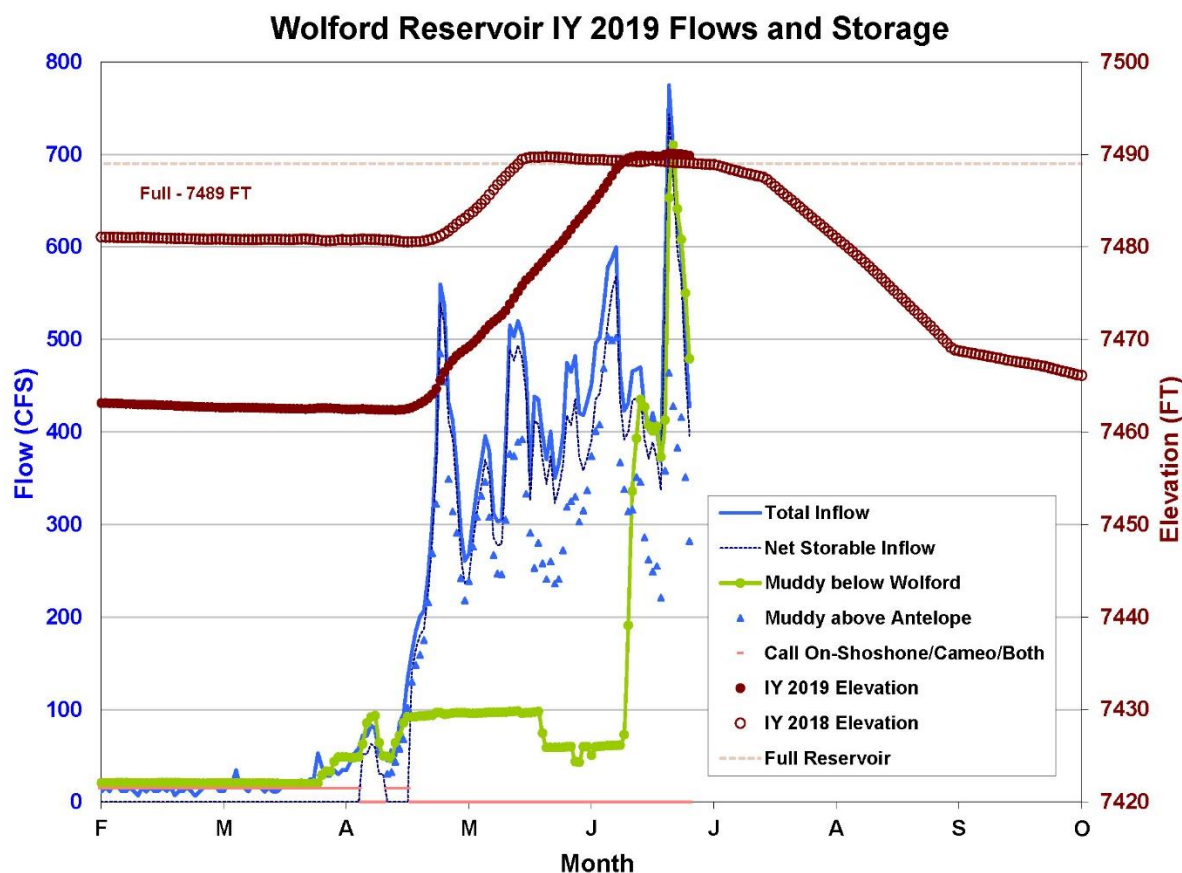


Figure 7: 2019 Wolford Mountain Reservoir Operations

Yampa River Basin and Elkhead Reservoir

Water supply in the Yampa benefited from late June storms and is expected to be 117 percent of average. Elkhead operations are shown in Figure 8. The reservoir was operated to avoid ice impacts to the fish net and began spilling April 21st. April through July inflow is predicted to be 87,000 acre-feet or 117 percent of average.

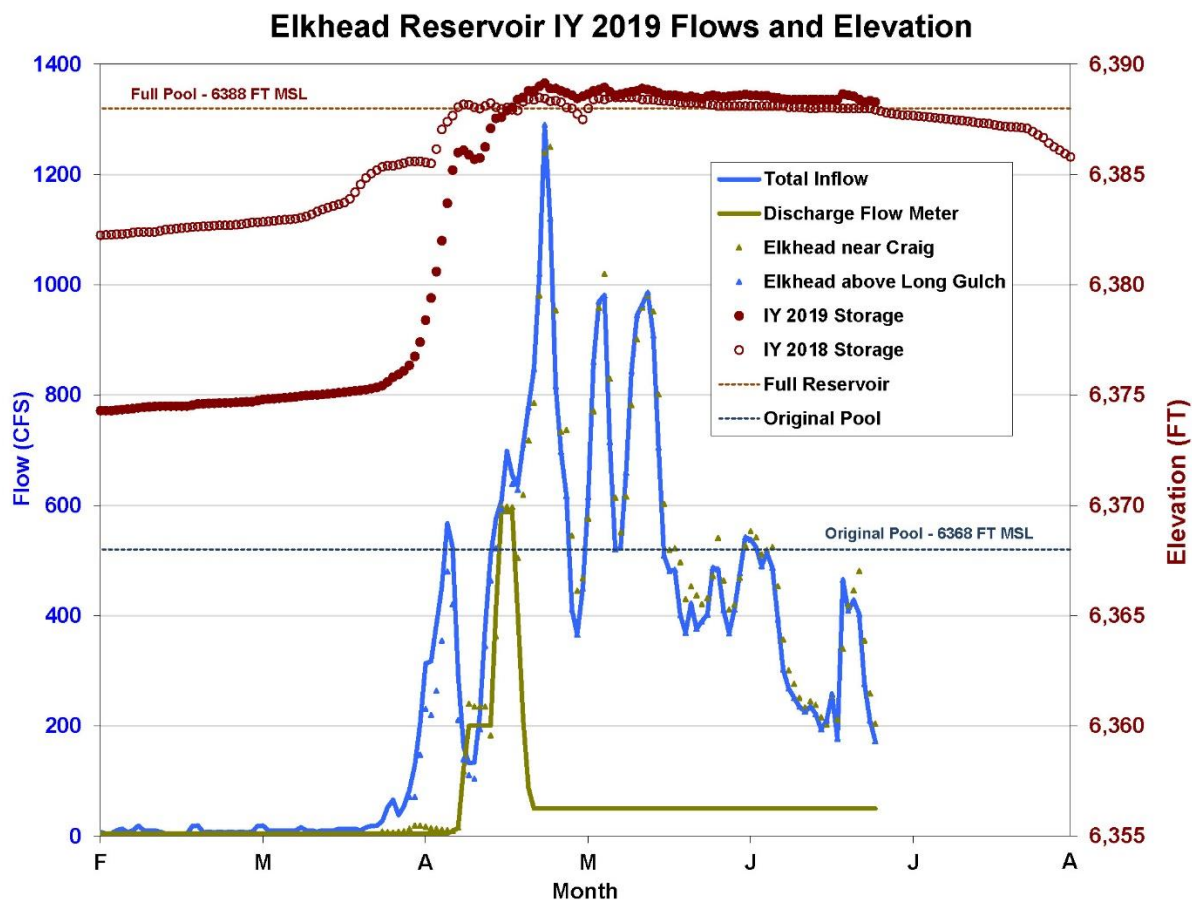


Figure 8: 2019 Elkhead Reservoir Operations

Gunnison River Operations

Although it was technically operating according to ‘drought recovery’ rules, under the 2012 Record of Decision, the Aspinall Unit was still able to make elevated releases to achieve the target peak flows (14,350 cfs) above Grand Junction with a shortened duration (approximately 10 days) – Figure 9 - as defined for the ‘moderately wet year’ category while still filling Blue Mesa Reservoir (forecast). This amazing feat was made possible by projected inflow volume of 156% of the 30 year average for April to July.

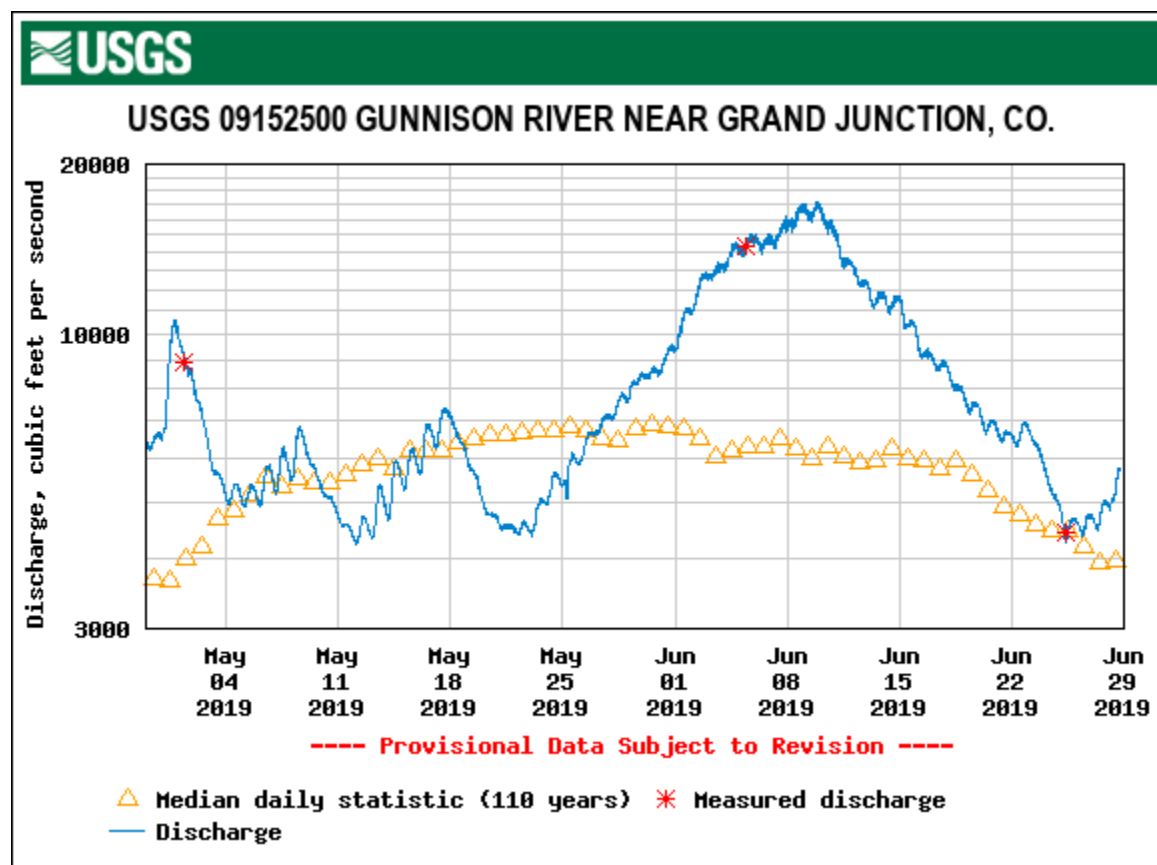


Figure 9: Gunnison River Operations as measured above Grand Junction, Spring 2019

[GO BACK](#)



MEMORANDUM
JULY 1, 2019

TO: BOARD OF DIRECTORS

FROM: AUDREY TURNER, ADMINISTRATIVE CHIEF

SUBJECT: EMPLOYMENT POLICIES AND PROCEDURAL GUIDELINES UPDATES GO BACK

ACTION: Staff requests that the Board approve the proposed changes to the 2019 Employment Policies and Procedural Guidelines as explained in this memo and in the applicable redlined sections of the Employment Policies and Procedural Guidelines attached.

STRATEGIC INITIATIVE(S): 11. River District Staff Resources.

Staff is proposing several changes to the 2019 Employment Policies and Procedural Guidelines.

First, staff has included language for a new Remote Workers Policy. Thus far, we have been operating in an informal manner and evaluating remote working situations on a case by case basis. Though not included in the policy, staff has developed detailed internal guidelines used to evaluate an individual employee's request to work remotely.

Second, staff is recommending additional language on incidental personal use of District equipment or property as well as including language requiring staff to report lost or damaged equipment in a timely manner.

The third section with changes involves the use of vehicles including formalizing the expectation to utilize District vehicles while conducting River District business, emphasizing the requirement to accurately complete mileage logs and collect all fuel receipts for District vehicles, and stating that the use of personal vehicles for District business should be the exception rather than the rule.

Lastly, staff is recommending modifying the expense reimbursement policy to require receipts for all expenses, except personal mileage, and eliminating the previous requirement to provide a receipt for expenses over \$25.

The redline pages of the Employment Guidelines are included as Attachment A to this memo.

Colorado River Water
Conservation District

Employment Policies
And
Procedural Guidelines

July 2019

3 - COMPENSATION AND BENEFITS

3.1 PAY PERIODS

The District pays employees monthly. Paychecks are issued on a direct deposit basis to the account of an employee upon written authorization by the employee, no later than 10 days following the close of each pay period. A payroll schedule is available on the Intranet. The payroll year is defined as December 15th – December 14th.

3.2 USE OF TIME ALLOCATION RECORDS

To ensure all employees are paid accurately and to collect information regarding hours worked on District projects, accurate time records must be maintained by all employees. The record keeping system consists of a web-based employee portal with a Time Allocation sheet prepared and submitted by employees to the District accounting personnel on a monthly basis. Supervisors shall approve summaries of employee's time allocation sheets on a monthly basis.

All attendance exceptions to regular scheduled work must be reflected accurately on the records including the use of sick leave, observed holidays, floating holidays, vacation, paid or unpaid leave and use of compensatory time and exempt paid personal leave (PPL) days.

3.3 WORK SCHEDULE

The District's hours of business are generally 8:00 a.m. to 5:00 p.m., Monday through Friday. Individual work schedules may vary depending on such factors as travel requirements, location and type of work performed. All employees may be required to work overtime.

For purposes of calculating compensatory time for non-exempt employees in the Glenwood Springs office location, the work week commences on Sunday, 12:00 a.m. and ends the following Saturday, 11:59 p.m.

Remote Workers Policy:

The Colorado River District desires to provide an attractive work culture that values teamwork, collaboration and communication while respecting individual team member's needs and/or desires to work remotely. The desire to provide personal flexibility must be balanced against the needs of the District and the goals of collaboration and teamwork.

WOLFORD MOUNTAIN PROJECT personnel

To responsibly maintain operations and other requirements of the District's Wolford Mountain Project located in Grand County, north of Kremmling, caretaker scheduling requires flexibility. Consideration is given to minimize the need for extended work beyond scheduled hours which may result in overtime and extended holiday coverage. The following guidelines serve in establishing work hours, scheduling and time accounting.

1. WORK WEEK: The work week shall run from Sunday, 12:00 a.m. through Saturday, 11:59 p.m.
2. WORK YEAR: The work year consists of two seasonal periods established annually by the District. As a general guide, the two periods are:

5.2 COMPLIANCE WITH DISTRICT POLICIES AND GUIDELINES

Employees are expected to adhere to all District policies, including but not limited to the policies and procedures outlined in this document, River District By-Laws, statutory rules of conduct and ethical principles, accounting guidelines (based on GAAP and GASB principles), expense and purchase order guidelines, disposition of equipment guidelines, etc. Failure to comply with these policies could result in corrective action, up to and including termination. Copies of these policies and guidelines are available on at the District's Intranet Web Site.

5.061 USE OF DISTRICT EQUIPMENT, PROPERTY & SUPPLIES

Employees may be assigned District equipment and/or property to assist in performing job responsibilities. In addition, the District maintains office equipment, property, equipment and supplies for the staff's general business use. All equipment of a "personal nature" whether inventoried or non-inventoried, which is not maintained principally at the office, shall be signed for by the responsible individual, with an accountability of the assigned equipment occurring at least annually. This shall include, but not be limited to: cameras, cell phones, PDA's, portable computer equipment, etc.

Employees are expected to exercise proper care and consideration in the operation or use of District equipment, property and supplies. This includes following all operating instructions and safety guidelines, performing any assigned maintenance procedures and promptly reporting any losses, damage, defects, shortages or needed repairs to the District's Property Manager.

5.61 USE OF DISTRICT EQUIPMENT, PROPERTY & SUPPLIES continued

The occasional, incidental personal use of District equipment or property by employees is permitted as long as it does not interfere with the performance of their own or other employees' ongoing work responsibilities nor results in any additional expense to the District.

Employees are expected to reimburse the District for all personal use of services or supplies. Advance approval by supervisors is required to utilize and/or remove any equipment or property from the District's facilities or project sites for personal use.

Any abuse of the privileges extended under this policy, misuse or damage to property or equipment may result in revocation of an employee's privileges and/or corrective action, up to and including possible termination. Employees may be held financially responsible for any loss or damage to equipment or property entrusted to their care. Employees shall report lost or damaged property to the Property Manager within one business day of the loss or damage. When reporting lost or damaged property, the employee shall indicate if the property was damaged while utilizing it for personal or business use.

Upon termination of employment, all equipment and property assigned to employees must be accounted for and/or returned.

In addition to the foregoing, employees may use the District's rafting equipment for business use or personal use only after a Float Plan is completed and approved by the employee's supervisor in advance, unless the equipment is needed on an emergency basis to prevent imminent injury to persons or property. An example of the Float Plan is included in the Appendix and is also available on the District's Intranet Web site. Anytime the District's rafting equipment is used, the participating employee must obtain a signed Release of Liability, Acknowledgment of Risks and Indemnity Agreement from each adult non-employee participant and the legal guardian of all minor non-employee participants. Employees must also sign and adhere to a Release of Liability, acknowledgment of Risks and Indemnity Agreement

anytime the District's rafting or boating equipment is used for personal use. Should the District's equipment be damaged or lost while being used for personal use, it is the responsibility of the employee to reimburse the District for any rafting or boating equipment repair or replacement expenses. A copy of the Release of Liability, Acknowledgment of Risks and Indemnity Agreement is included in the Appendix and is also available on the District's Intranet Web site.

NOTE: Boating and other equipment (e.g., ATV's, snow mobiles, etc.) located at the Wolford Mountain Project are NOT to be used for personal use.

5.62 USE OF THE DISTRICT'S COMPUTER NETWORK, ELECTRONIC MAIL (e-mail) SYSTEM, AND ACCESS TO THE INTERNET

The following policy shall apply to all usage of the District's e-mail system, which includes internal office mail and Internet mail, the District's computer network including peripheral equipment such as printers, plotters and scanners and the District's access to the Internet, including remote access capabilities:

The District's computer network, e-mail system, and the access to the Internet, like the phone system, exists for business use. Personal use of the computer network, e-mail system and access to the Internet is permitted so long as it does not consume significant time or resources and does not interfere with the performance of the employee's or other employees' ongoing work responsibilities, violates standards of conduct expected of employees or results in any additional expense to the District or additional significant use of the District's equipment.

Accordingly,

- employees are prohibited from using the District's e-mail system and/or the District's access to the Internet to access or transmit: (a) web sites or messages that are sexually graphic, contain sexual overtures or innuendoes, or contain profanity; (b) web sites or messages that are demeaning to persons of any particular age, sex, disability, religious preference, race, color, national origin, or ancestry; and (c) web sites or messages that have no business purpose and that would be unwelcome or offensive to the recipients or other persons.
- All computers utilizing the District's access to the Internet are required to have virus protection software installed. Under no circumstances is this software to be removed or tampered with thereby inhibiting its performance.
- All e-mail communications that are not exempted from the Open Records Act (e.g., those involving attorney-client communications, personnel issues, contract negotiations, litigation, etc.) shall be subject to public inspection under C.R.S. § 24-72-203. E-mail communications are not private merely because employees are issued passwords or because the communications are not business-related. All e-mail communications are the property of the District.
- While it is not the intent or practice of the District's management to actively monitor staff usage of e-mail or the Internet, the Secretary or General Counsel may at their discretion direct the retrieval of internal or external e-mail correspondence or Internet access files as deemed necessary or appropriate to verify the content or business-related nature of such communications, to distribute such communications or files to District personnel or others who need them to discharge their duties for the District, to respond to a request for public inspection, to make disclosures required by law, or for system administration purposes.
- The District maintains a computer backup of all e-mail communications, from which "deleted" e-mail communications can be retrieved if necessary. However, the District does not currently archive e-mail in an accessible format. Until such capabilities are instituted, if preservation is

deemed necessary by either the originator or the recipient, it shall be the responsibility of that employee to archive the subject e-mail in electronic format (e.g. archive folder) or hard-copy. The decision to delete e-mail in the “in-box” shall be made by the recipient. The decision to delete e-mail in the “out-box” shall be made by the originator. It is each employee’s responsibility to maintain their “mailbox” free of unneeded incoming and outgoing correspondence, thereby minimizing the use of computer disk space.

- Should a request be made for inspection of e-mail correspondence, all deletions from system mailboxes must cease immediately until the Secretary or General Counsel has informed staff that the request has been adequately satisfied.

5.07 USE OF VEHICLES

The District maintains a fleet of vehicles for use by Employees while on business of the District. Employees are expected to use District vehicles while conducting the business of the District. Employees using District Vehicles shall properly complete all travel log and expense information required by the District and employees shall collect and retain receipts in the vehicle log any time a District gas card is utilized to purchase fuel. District vehicle gas cards shall not be utilized for any purpose other than refueling or washing District vehicles while on business trips. From a cost perspective it is better for the District to have employees utilizing District Vehicles while on business. While on business trips with District vehicles, employees may utilize District vehicles for reasonable incidental personal use, but employees are asked to minimize any such personal use of District vehicles. The District reserves the right to seek reimbursement from an employee for excessive personal use of District vehicles.

Employees may utilize personal vehicles and request reimbursement from the District for work related miles. However, such use of personal vehicles for business use should be the exception – for example, employees may use personal vehicles when no District vehicle is available, when a business trip also involves personal activities or travel, or when use of a District vehicle would require an unreasonable inconvenience. The District reserves the right to reject reimbursement requests for personal vehicle use if the District determines that an employee is not demonstrating a good faith effort to comply with this policy.

Employees must possess a valid driver’s license, maintain proper insurance coverage on personal vehicles used to conduct business and obey all traffic laws and regulations when operating a vehicle on District business. A current copy of the employees’ driver’s license must be kept on file at all times. Employees who travel for District business regardless of whether it is in personal or District vehicles shall report any license revocation immediately to the Employee’s supervisor and the District Human Resource official in order to determine if job related travel will be impacted or can be accommodated. The District is not responsible for traffic or parking fines incurred by employees while using a personal or District vehicle on the job or when using a company vehicle off hours (e.g., taking a vehicle home the night before).

Employees involved in traffic accidents while on District business are required to report the accident to their supervisor as soon as possible.

Only River District Employees should drive District vehicles. Should however, an employee be unable to drive (i.e. illness, etc.) a District employee may allow a person who is not employed by the District to drive a District vehicle, so long as the employee verifies that the driver has a valid driver’s license and that the employee notifies the Administrative Chief of the situation in writing.

In addition to the above, those employees assigned a District vehicle on a full time basis (e.g., Wolford

Mountain personnel) are also responsible for maintaining it in proper operating condition. This includes scheduling preventative maintenance and arranging for any necessary repairs. Vehicles are to be driven only by the assigned employee while conducting District business. Incidental personal use of the vehicle is also permitted by the assigned employee. As such, accurate records detailing trip destinations, purposes and mileage driven must be maintained by drivers and made available at the District's request.

5.8 TRAVEL AND BUSINESS EXPENSES

It is the policy of the District to reimburse employees for necessary and reasonable business expenses incurred while conducting properly authorized and official District business. Reimbursement of such expenses will be extended as outlined in this policy, and will be directed by both the regulations of the Internal Revenue Service and the District's internal accounting and control requirements. These guidelines apply to all employees and prospective employees traveling on and conducting District business. For purposes of this policy, reasonable expenses are defined as those expenses which are necessary to properly conduct District business and to maintain normal living standards while away from the regularly assigned work location. Alcohol is not ordinarily a reimbursable expense. In rare work-related circumstances, expenses for alcohol may be reimbursed subject to approval by the employee's supervisor.

Traveling employees are expected to utilize economical travel approaches, including available state government discount rates, whenever possible. Reimbursements may never exceed expenses actually incurred.

As a test of reasonableness, costs for lodging and meals should normally be limited to those rates published by the US General Services Administration, either by specific locality or general, if specific locality rates are not available. This shall not be construed to limit reimbursement when government rate rooms are not available, nor to dictate separate meal checks when it is more expedient to have one employee pay for the meals for all employees at a given function or when employees can pay appropriate business expenses (e.g., meal expense, lodging expense) of District consultants who otherwise would bill such expenses to the District.

All out-of-state travel and any air travel must have the advance approval of the employee's supervisor. Air travel as a means of transportation is generally limited to that required to conduct District business or attend approved conferences or seminars. All employee air travel will be coach or economy class, unless upgrades are made at no additional expense to the District.

Employees will make every attempt to schedule travel such that they may make use of any applicable advance purchase discounts. When they are traveling on District business, the District will reimburse employees for penalties imposed due to a work related cancellation or schedule change. ~~Employees may also make use of available air fare discounts for "Saturday night stays" and will be reimbursed for actual costs up to the difference between the Saturday night fare and the advance purchase fare.~~

Expense Reports forms and supporting documentation must be completed and submitted to the District for processing within 60 days following the date of the expenditure. If an Expense Report is submitted after 60 days following the date the expenditure occurred, the expense will be reimbursed through the monthly payroll process and reported as wages on the employee's W-2. Expenses are to be substantiated by, and reimbursement contingent upon, adequate records or evidence supporting the employee's statement regarding the amount of such expense, the time and place, business purpose and/or business relationship.

5.8 TRAVEL AND BUSINESS EXPENSES continued

Expenses for facility rentals, dues, entertainment, amusement or recreation shall be reimbursed only when directly related to or associated with the active conduct of official District business, with such explanation or description provided on the travel expense report or receipt. Gifts are not reimbursable and are not an allowable business expense. Whenever possible, meeting registration fees, memberships and dues should not be included on personal expense forms for reimbursement purposes. Billing and payment arrangements are to be made in advance of the due date with the District's Accounting/Finance staff.

~~Should travel costs include a personal portion, (e.g., spouse's expenses on trip), such items must be identified with an itemization or a basis for allocation described fully.~~ Expenses for travel companions, are not reimbursable. When, for personal convenience, travel is interrupted or deviated from a direct route or business-related travel days, expenses allowed will not exceed that which would have been incurred for uninterrupted business travel on the usual, most direct route.

When an employee chooses to utilize their personal car on out of state travel, they will be reimbursed at a lower rate of reimbursement than when they utilize their personal car for in-state travel. However, for 'local' out of state travel (to neighboring states of Colorado) where it is deemed more reasonable and efficient both from a time and cost perspective to travel by car, personal vehicle mileage will be reimbursed at the in-state mileage reimbursement rate. The District utilizes the "personally owned vehicle" (POV) reimbursement rates established by the IRS and Federal Government. The current POV reimbursement rates are available via the District's Intranet. Consistent with the policy statement contained above in section 5.7, employees are requested to minimize use of personal vehicles and, when practicable, utilize District vehicles.

All expense accounts are subject to audit by the Accounting/Finance staff and the District's Treasurer and external auditor.

Travel expenses shall be reimbursed in accordance with the Reimbursement Schedule (see Policy 5.08A attached). The Travel Expense Report form as well as information pertaining to Reimbursement Allowances is available on the District's Intranet Web Site.

5.8 A - CRWCD TRAVEL REIMBURSEMENT SCHEDULE*

	Receipt- Required
Transportation	
<u>Airfare</u> - actual cost	Yes
<u>Train or Bus</u> - actual cost	Yes
<u>Rental Car</u> - actual cost	Yes
Utilized when it is the most economical means or convenient means of transportation to conduct District business.	
Note: Additional insurance available to rental car drivers should be declined because the District maintains its own insurance to cover accidents while an employee is traveling on District business.	
<u>Taxi, Limousine, Other Conveniences</u> - actual costs (if reasonable)	Yes —over \$25
<u>Personal Vehicle Mileage</u> - reimbursed at the annual standard mileage rate established by the IRS <u>(No receipt required)</u>	No
<u>Privately Owned Motorcycle Mileage</u> - reimbursed at the rate set by the US General Services Administration annually – Note 1 <u>(No receipt required)</u>	No
<u>Tolls or parking fees</u> incurred.	No
<u>District Vehicle</u> - reimburse reasonable costs incurred to maintain and operate vehicle.	Yes
<u>Private Aircraft Mileage</u> - reimbursed at the annual airplane mileage rate established by the IRS	Yes
Lodging	
<u>Hotel / Motel</u> - actual cost (single room at government rate, if available, or business rate plus local tax).	Yes
Meals	
Meals and gratuities - actual cost	Yes —over \$25
Group meals - requires list of names, business purpose	Yes —over \$25
Other Miscellaneous Expenses	
Registrations, fees, telephone calls, supplies, necessary and reasonable entertainment expenses - actual cost	Yes, if available

NOTES:

1. Information pertaining to Reimbursement Allowances is available on the District's

Intranet Web site.

2. Commuting to and from work is not reimbursable.

*Employees shall attempt to collect and submit receipts for all expenses for which they seek reimbursement. If a receipt is unavailable or lost, an employee may submit evidence of the expenditure such as a credit card statement showing the date and location/vendor related to the expense. If no receipt is available and the purchase is not made with a credit card, the employee shall submit a written explanation detailing the purchase, amount, location, date and any other applicable information. It should be common practice to submit all receipts. The District reserves the right to decline to reimburse the employee for requested expense reimbursement for which there are no receipts.

GO BACK



MEMORANDUM
JULY 1, 2019

TO: BOARD OF DIRECTORS

FROM: ANDY MUELLER, GENERAL MANAGER
AUDREY TURNER, ADMINISTRATIVE CHIEF

SUBJECT: TRIENNIAL SALARY SURVEY GO BACK

No action requested.

STRATEGIC INITIATIVE(S): 11. River District Staff Resources

I. Introduction

Prior to 1996, the River District lacked a formal policy or process for setting salary ranges or awarding individual salary increases. However, under Eric Kuhn's leadership in 1996, the Board began working with an outside consultant to conduct a market analysis and set formal and competitive salary ranges. The Board hired Susan Owens of The Owens Group, Inc. and the first salary market survey was completed in 1996 and a follow-up study was completed again in 1997. The Board determined that it was appropriate to continue the practice of conducting salary surveys every three years. The Board utilized The Owens Group, Inc. through 2015 after which Ms. Owens no longer worked on studies of this type.

In 2000, the Board worked with The Owens Group, Inc. to refine the salary survey process and compensation policy to match the Board's desire to be an attractive and competitive employer with a compensation package that attracts and retains highly capable, qualified employees. The Board determined that they wanted to be a slight pay leader, meaning in a group of 20 similar employers, 13 would pay less and 7 would pay more than the District. The 2000 compensation study also determined each position's salary range spread (30% - 50% depending on the position category) and also identified a strategy to migrate the midpoint of the salary range from the 50th percentile, which was previously used, to the 65th percentile of the market over a period of five years. Since then, the District has continued to target the 65th percentile as the midpoint of salary ranges. In addition to being a useful tool to set salary ranges, these triennial salary surveys have assisted the District with the benefit of having objective information validating our employees' compensation.

II. 2018 Salary Survey Completed by Employers Council

After Susan Owens retired, the River District contracted with Employers Council to conduct the 2018 Salary Survey. As you may recall, the process was challenging as we were working with a new company that did not have the same history or understanding of the River District.

Some of the issues or challenges we encountered during the 2018 survey were as follows:

201 Centennial Street / PO Box 1120 • Glenwood Springs, CO 81602

(970) 945-8522 • (970) 945-8799 Fax

www.ColoradoRiverDistrict.org

- The survey was completed by two separate departments in Employers Council, the Surveys and Compensation departments where in previous surveys the consultant worked on the entire project as a whole. The separation of the collection of the data and the analysis of the data as it related to the District's compensation data was a problem.
- Unfortunately, we had fewer employers respond to our survey in 2018 than in the past which created a small sample size. It is difficult to know if employers didn't respond because of workload or outside factors or if it was because we were working with a new consultant.
- It has always been difficult to find good matches for several of our positions because of the unique nature of our business. This was not a new challenge in the 2018 survey.
- Our study does not look at total compensation including benefits, bonuses, etc. which makes it challenging when comparing to private and public employers.
- The consultant had concerns about adjusting the midpoint of the salary range to 100% of the target for those positions who fell outside of what the District and previous consultant used as an acceptable range of 90% - 110%, when we made no adjustment for positions that fell within that range. As a compromise, the Board approved adjusting position midpoints to 95% of the target instead.
- The consultant also had concerns about using large organizations or municipalities that may be questionable matches for some positions, especially lower level administrative positions.

After discussions with the Board in October 2018, River District staff conducted further analysis of the survey data and did not include questionable matches or data when calculating the target midpoint. In positions where an adjustment was warranted, staff set the new midpoint of the salary range at 95% of target.

III. Next Salary Survey

Consistent with the Board's policy, the next triennial salary survey is scheduled for 2021. While it seems like a long time from now, we thought it best to bring this back to the Board while the last survey is fresh in our mind and we can best identify how to move forward the next time around.

The Board identified some items for future consideration which we list below along with our recommended course of action:

- **Include total compensation in the study including health insurance benefits, retirement plan contributions, paid time off, etc.**
 - We will explore our ability to do this with the consultants we interview for the next survey round, however it may be very difficult to accurately compare apples to apples due to the complex and variable nature of many aspects of benefit packages. By way of example only, health insurance coverage has so many variables, that it will not be as simple as comparing the premiums paid by the District.
- **Conduct a thorough review of the list of targeted employers.**
 - We will make sure that a geographic differential is included for all out-of-state employer data, which is consistent with past practice and takes out the difference in cost of employment for different locations. Staff does not recommend that we request the future salary survey consultant to utilize differently defined markets for

different positions (i.e. water attorney v. administrative assistant) due to the fact that such a practice may just further exacerbate the potential for pay inequity or drive further polarization of salaries by position.

- **Review the appropriateness of the 50/50 weighting of custom responses and published surveys. Especially when a position has less than 10 employers matching in the custom survey, there is potential for salaries to be disproportionately driven up or down.**
 - Staff believes that this split is still appropriate as we really want to compare ourselves to the District's competitive employers and those positions that are most like ours. The published surveys, while the number of data points is typically much higher, are not typically a close match to the responsibilities of our positions. This is a challenge with our organization due to the unique nature of our mission and our work.
- **Review range spreads to see if they are still appropriate.**
 - One consideration would be to have a 40% or 45% range spread for all positions, regardless of level. We will review this issue with potential salary survey contractors and seek their advice.
- **When an adjustment is warranted based on the survey, should the District continue to adjust the midpoint of the salary range to 95% or 100% of target?**
 - One option is to adjust all salary range midpoints to the target. Staff has concerns about the administration of that option and believes that having an acceptable threshold (currently 90%-110% of target) to identify if it is in-line with market is appropriate. Another option is to change that threshold to 95%-105% and adjust any salary range that falls outside that range to the threshold. We recommend that we adopt the last option as it will eliminate a broader range of salary targets and eliminate some of the disparity which results from our prior practice.

Regardless of changes the District decides to make to its compensation practices, we recommend that the District select a salary survey consultant who will complete the entire compensation study, collecting and analyzing the data and making recommendations for the River District's salary ranges, so that there is a complete understanding of the survey responses and quality of position matches.

GO BACK



MEMORANDUM

JUNE 28, 2019

TO: BOARD OF DIRECTORS
CC: ANDY MUELLER, GENERAL MANAGER
FROM: DAVE “DK” KANZER, P.E. DK GO BACK
SUBJECT: PILOT ROCK CANAL FAILURE AND EMERGENCY REPAIR FUNDING – UPDATE

ACTION: *No Board action requested; this is an informational memo*

APPLICABLE STRATEGIC INITIATIVE(S):

4. B.. The River District will advocate for full protection and preservation of water rights perfected by use prior to the effective date of the 1922 Compact and thereby excluded from curtailment in the event of compact administration.

7.D. The River District will actively pursue funding sources and provide financial assistance to be used for the refurbishment and modernization of the aging water supply infrastructure within the District in order to help preserve and improve existing supplies and operations.

9. A. The River District will continue to promote, encourage and support wise and efficient use of all of Colorado’s water resources

Introduction and Background

On April 10, 2019, an approximate 60-foot section of the pre-compact Pilot Rock Ditch, located to the east of Crawford, Colorado failed during the initial seasonal filling. Initial estimates to restore the hill slope and to install 200 feet of 48” pipe and to emplace 8000 cubic yards of fill material was \$57,000.

In response to a request for emergency financial assistance by the Pilot Rock Ditch representatives and consistent with Board of Directors direction and concurrence with District management. Staff prepared an internal rubric analysis to assess the potential justification for partial grant funding.

After consideration among the management team, the General Manager authorized up to \$20,000 of non-reimbursable financial assistance via grant contract to provide funding support for the emergency repair of canal break as a completed project.

The Pilot Rock Ditch diverts water from Little Coal Creek and is the sole source of water to hundreds of acres of ranch land in the Missouri Flats area, east of Crawford, return flows are tributary to the Cottonwood Creek drainage area. Due to the emergency nature of the circumstance, the shareholders quickly contracted with Tribble and Sons Construction to restore irrigation water supplies as soon as possible.

201 Centennial Street / PO Box 1120 • Glenwood Springs, CO 81602

(970) 945-8522 • (970) 945-8799 Fax

www.ColoradoRiverDistrict.org

LOWER GUNNISON PROJECT ACTIVITIES BRIEFING – MID-YEAR 2019

The project was completed in early June with reduced quantities of fill and pipe from the original estimate. Only 60 feet of pipe was needed and local materials were sufficient to reduce the fill required to complete the rehabilitation. The total cost of repair was approximately \$41,000, and although several shareholders were unable to irrigate for a few weeks, the wet spring and with some limited, creative water sharing (temporary laterals were dug to furnish water to some areas) adverse impacts were fortunately limited.

Consistent with past grant program practices (i.e., Request for Final Payment Form) and contract requirements, all documentation including copies of invoices, project summary and pictures are to be provided by the applicant before reimbursement payment of \$20,000 will be made. Although inquiries have been made to USDA (NRCS, Rural Development / Farm Services Agency) no additional sources of funding have yet been acquired by shareholders and the remaining balance may have to be paid by private bank loan (application pending).

More information is anticipated and will be shared at the board meeting.

GO BACK



MEMORANDUM
JULY 3, 2019

TO: BOARD OF DIRECTORS

FROM: SONJA CHAVEZ, WATER RESOURCE SPECIALIST GO BACK

SUBJECT: UPDATE ON COLORADO RIVER WATER BANK WORK GROUP PROGRESS RELATED TO ECONOMIC IMPACT STUDY OF POTENTIAL UPPER BASIN DEMAND MANAGEMENT PROGRAM ON WEST SLOPE WATER USERS

ACTION: No action required.

STRATEGIC INITIATIVE(S):

- 4.C.) Colorado River Supplies - Continue to study mechanisms, such as Compact Water Bank and Contingency Planning that include demand management...
- 6.A) Agricultural Water Use – Continue to study the concept of a voluntary and compensated water bank in collaboration with other stakeholders to best preserve western Colorado agriculture.
- 6.B) Agricultural Water Use – Explore alternative transfer methods that allow agricultural water users to benefit from the value of their water rights with the permanent transfer of the rights, and without adverse impacts to the local communities and regional economy.
- 6.C.) Agricultural Water Use – Work to ensure that the burden of demand reduction is shared across all types of water use sectors, and that agricultural water rights, and agriculture itself, are not injured.

Background: The Colorado River District has been an active participant and leader in the Colorado River Water Bank Work Group (WBWG) since its inception in 2008. The WBWG has actively supported the completion of various technical studies meant to inform our understanding of demand management to help avoid or mitigate a Colorado River Compact curtailment. At the request of River District constituents and West Slope water users, the WBWG was asked to commission a West Slope economic impact study associated with a potential demand management program. Members of the WBWG include the River District, Southwestern Water Conservation District, Upper Gunnison River Water Conservancy District, Tri-State Generation, The Nature Conservancy, and the Grand Valley and Uncompahgre Valley Water User Associations.

Update:

- 1) Members of the WBWG entered into a 2019 Cost Share Agreement (CSA) to support the *Study of Economic Impacts Associated with a Potential Upper Basin Demand Management Program* and other miscellaneous WBWG activities in the amount of \$237,610. The Board

approved the River District's participation in the CSA at its April 16-17, 2019 meeting. The River District is the fiscal entity managing the CSA;

- 2) A request for proposals was released by the River District on behalf of the WBWG in November 2018. Proposal were due January of 2019.
- 3) BBC Consulting was ultimately selected as the contractor with Doug Jeavons (specializing in water resource and economic modeling) as the Project Study Leader. Other members of the study team include George Oamek (Agricultural Economist) of the Headwaters Corporation and Aleta Powers and Cassandra Shenk of ERO (Environmental Specialist and Environmental Planner, respectively). The River District is the managing entity for the BBC contract (Contract not to exceed: \$222,000);
- 4) The study scope is briefly summarized below and will be further explained during the July Board meeting:
 - Task 1.** Develop and Implement a Robust Process for Community Input
 - Task 2.** Establish Economic Baseline
 - Task 3.** Develop Framework for Economic Analysis
 - Task 4.** Evaluate Range of Demand Management Scenarios, Associated Potential Compensation Requirements, and Potential Need for Mitigation to Address Uncompensated Economic and Fiscal Effects
- 3) A study management committee composed of a representative from each WBWG funding entity has been established. The committee met with the BBC Consulting Team on June 20th to provide input into Task 1 which is focused on the development of the public input process and the make-up of four Basin Economic Impact Work Groups (Basin Work Groups). The Basin Work Groups will be asked to participate in a series of workshops (approximately 4) within their respective basin. Representatives will be invited from key economic sectors. Work Group representative lists will be established by July 1 so that invitations can go out and the first workshop can take place in August 2019.
- 5) Updates on the public input process, progress related to the economic impact study activities, previous studies, and other information on the Colorado River WBWG can be found at: <https://coloradoriverwaterbank.com/>

GO BACK



MEMORANDUM

July 5, 2019

TO: BOARD OF DIRECTORS
ANDY MUELLER, GENERAL MANAGER
PETER FLEMING, GENERAL COUNSEL
JOHN CURRIER, CHIEF ENGINEER

FROM: MIKE EYTEL, SENIOR WATER RESOURCE SPECIALIST

ME

SUBJECT: GRAND LAKE CLARITY AUTHORIZATION AND UPDATE

GO BACK

ACTION: Staff requests the Board authorize the General Manager to enter into a contract amendment with Harvey Economics (CA17014-B) for an additional \$25,000 to continue providing economic analysis of power generation impacts related to the alternatives being considered for Three Lakes System NEPA analysis.

STRATEGIC INITIATIVE(S):

- 3. Climate and Hydrologic Uncertainty**
- 4. Colorado River Supplies**
- 5. Transmountain Diversions**
- 7. Water Needs/Project Development**
- 9. Water Efficiency and Conservation**
- 10. Water Quality**

There are a multitude of agreements and parallel processes guiding management of Grand Lake primarily to improve clarity. While the River District is not party to all of them, the River District is party to the Grand Lake Clarity MOU and a Cooperating Agency for the Three Lakes System NEPA analysis. The primary purpose of the Grand Lake Clarity MOU is to establish an adaptive management process, while Reclamation conducts planning and NEPA to evaluate operational alternatives to improve water quality in the Three Lake System. This memo is provided as a Board update on the adaptive management and to obtain additional contract authorization.

The River District and Grand County have been working collaboratively on the Three Lakes System NEPA analysis. To assist in our review of the economic impacts, in 2017 the River District and Grand County entered into a three-year contract for \$25,000 each with Harvey Economics to provide analysis of power generation impacts being proposed in the Three Lakes System NEPA Analysis. Having Harvey Economics involved in the NEPA process is important in order to have meaningful input on any economic modeling used to evaluate the fiscal impacts on power generation. Grand County and the River District will continue to split the costs for

Harvey Economics equally. River District staff is seeking Board authorization for approval of an additional \$25,000 to assist in evaluating the proposed alternatives.

While Reclamation develops the Three Lakes System NEPA analysis, The Grand Lake Clarity MOU objective is to establish an adaptive management process and approve an annual operations plan. The clarity goal in Grand Lake, as established by the MOU is an average Secchi depth of 3.8 meters with a minimum Secchi depth of 2.5 meters. The MOU established an Adaptive Management Committee (AMC) which reviews and provides input to Reclamation. River District staff will continue to work with the AMC and Grand Lake MOU partners to assess data and implement effective operational changes with the goal of improving Grand Lake clarity. The following is Reclamation's Operational Plan for 2019.

Operational Plan:

Advancing towards and entering the Clarity Period, existing flexibility to store water in Granby and to control the rate of diversions through the Adams Tunnel continue to be used to create project benefits from east slope runoff. Reclamation seeks to balance the storage and diversion volumes and the timing of water movement to produce the greatest package of project benefits, including Grand Lake clarity and broad Three Lakes water quality benefits. Such an attempt considers several uncertainties, including hydrology, meteorology, demands, facility reliability, hydropower value, etc. However, the uncertainties also include remaining gaps in knowledge about what drives clarity and water quality in the Three Lakes system. Management of the opportunities and risks will require an amount of adaptation to physical realities as they materialize.

- Manage trade-offs between east slope skim hydropower opportunities and the use of remaining Granby Reservoir storage. This is done by adjusting diversions through Adams Tunnel across flow rates smaller than its capacity during June and July. An ideal outcome will have Granby Reservoir storage peaking near capacity, and Olympus Tunnel running at or near capacity for several weeks. Various other considerations may tip the scales away from that ideal.
- A period for Grand Lake settling will be sought beginning in early July. This period is anticipated to end no later than July 15. Operations will target ongoing flows from Grand Lake to Shadow Mountain at a rate of 40 cfs. Coming on the heels of large natural inflows, defining the start and end of this period requires consideration of:
 - o Remaining Granby Storage
 - o East slope skimming opportunities
 - o Shadow Mountain total inflows
 - o Miscellaneous water quality parameters at Shadow Mountain Reservoir, Granby Reservoir and Grand Lake, which may include secchi, temperature, dissolved oxygen, and chlorophyll observations
- Near the end of the settling period, a brief flushing of the Farr Pump Canal may be performed. Pumped water will be combined with natural inflow to Shadow Mountain

and released to the Colorado River and stored in Granby. The timing, magnitude and duration of this operation has not been determined.

□ following the settling period, Adams Tunnel diversions will resume with daily-averaged flows approximating 500 cfs for five days of the week (probably Tuesday – Saturday), 300 cfs on Sunday, and 355 cfs on Monday. The actual weekly pattern may evolve, if maintenance goals associated with reduced Monday flows are not met. Flow rates within any given day may vary depending on operational considerations, power values, etc. Flows at the various east slope facilities will vary both within a day and within a week to produce maximum benefit consistent with the Standard Operating Procedures.

□ Farr Pumping will occur as needed to support Adams Tunnel diversions. The number of units run, and their start and stop times will continue to reflect economic efficiencies.

GO BACK



Colorado River District

Protecting Western Colorado Water Since 1937

MEMORANDUM

July 2, 2019

TO: CRWCD Board of Directors

FROM: Hunter Causey, P.E. *HC*

Subject: Yampa IWMP fiscal agency contracting limits GO BACK

ACTION: Authorization for the General Manager, after review and approval of the legal department, to execute contracts associated with fiscal agency of the Yampa Integrated Water Management Plan not to exceed \$150,000 and cumulatively no more than \$425,000.

STRATEGIC INITIATIVES: 2. Outreach in All Basins
7. Water Needs/Project Development
8. Colorado's Water Plan.

Summary

The Board authorized the River District to act as the fiscal agent for the Yampa Integrated Water Management Plan (IWMP) at the January 2019 quarterly meeting. Fiscal agency for this effort will require the River District to enter into contracts with several entities which will exceed the General Manager's contracting authority of \$25,000.

Currently, the IWMP Subcommittee of the Yampa White Green Basin Roundtable (BRT) is seeking candidates to act as segment coordinators. The segment coordinators will be the local point persons for each river segment and will be responsible for maintaining communication between the local stakeholders, and the BRT. Additionally, the effort will require a principal technical contractor. It is anticipated that the contracts with the segment coordinators and the principal technical contractor will exceed \$25,000.00. There may be additional contracts in this process which will also exceed the existing General Manager authority. In order to not delay the contracting process, Staff is seeking authorization for the General Manager to execute contracts recommended by the IWMP subcommittee and approved by the BRT associated with fiscal agency of the IWMP not to exceed \$150,000 per contract or \$425,000 cumulatively. BRT approval of all contracts will be documented in meeting minutes. The source of funds for these contracts will be from two CWCB grants with matching funds from Mount Werner Water Authority and the Upper Yampa Water Conservancy District.



MEMORANDUM

June 25, 2019

TO: BOARD OF DIRECTORS, CRWCD

FROM: ANDY MUELLER, GENERAL MANAGER

SUBJECT: MID-YEAR UPDATE ON GENERAL MANAGER GOALS FOR 2019 [GO BACK](#)

As is customary, I provide this mid-year report to the Board regarding my goals and objectives. For the Board's convenience, below please find a list of my goals approved by the Board in January followed by a brief summary of actions for each goal.

1. Goal: Continue to provide statewide and basin-wide leadership on Colorado River supplies and operations.

APPLICABLE STRATEGIC INITIATIVES:

4.A. through 4.D. Colorado River Supplies;

5.A. through 5.C. Trans Mountain Diversions; and

6.A. Agricultural Water Use

- a. Continue work on the Risk Study and the development of accurate and unbiased information so that the River District retains its position as a trusted source and important player in these ongoing matters.
- b. Provide leadership and direction in the Upper Basin on Interim Guideline renegotiations.
- c. Continue involvement in Upper Basin DCP planning efforts focusing our efforts on CRSP Reservoir reoperation protocols, and water supply augmentation.
- d. Provide structure and leadership to a West Slope-wide discussion regarding the Demand Management Program.
- e. Develop and strengthen collaborative working relationships with our intra and interstate partners in the basin.

UPDATE

- I have worked closely with John Currier, Peter Fleming and John Carron overseeing our District's continued involvement in Phase III of the Risk Study. As is appropriate, John Currier has been taking the lead internally.
- Our internal Colorado River team has initiated internal discussions and additional modeling efforts to assist in the identification of issues which will be crucial to a proper Upper Basin negotiation strategy in preparation for bringing sound science and leadership to the Interim Guidelines negotiations.

-
- **Our District, led by the efforts of Dave Kanzer, with minor support from me and other staff members, put on an excellent scientific panel to discussing various aspects of cloud seeding.**
 - **We continue to push for an open robust public policy discussion at the state level on demand management, and provided we resolve our public policy concerns, we have a team of seven staff members who will be participating in the state work groups.**
 - **As part of our District's effort to strengthen its relationships within the state and the Colorado River Basin as a whole, I have participated in multiple advisor calls and meetings with Colorado's commissioner to the Upper Colorado River Commission and I have participated in multi-state discussions about the DCP and demand management including a recent UCRC workshop in Salt Lake City. I also continue to be an active member of the IBCC and the Colorado Water Plan funding effort.**

- 2. Goal: Personally lead the District's effort to implement the provisions of the CRCA related to the permanency of the Shoshone call.**

APPLICABLE STRATEGIC INITIATIVE: 5.A. Transmountain Diversions

- a. Continue to explore, evaluate and implement all alternatives available to the West Slope including collaboration with a wide range of partners.
- b. Work collaboratively with General Counsel to create a viable path forward for progress in this matter.
- c. Develop necessary coalition of allies for successful completion of this goal.

UPDATE

- **Peter and I continue to lead the West Slope negotiating team in our efforts to pursue permanency of flows in Glenwood Canyon. We believe we are making significant progress and continue to garner broader support for this effort.**

- 3. Goal: Develop and implement long term financial viability plans for both the Enterprise Fund and General Fund.**

APPLICABLE STRATEGIC INITIATIVES: 12.A. Financial Stability and 13 Asset Management.

- a. Develop an accurate body of information related to the fiscal future of the River District and the impact of constitutional financial constraints on the ability of the District to meet its mission.
- b. Develop and implement a systematic method to communicate the financial implications of constitutional constraints on the core mission of the District to District constituents.
- c. Work with Engineering and Admin staff to develop a comprehensive, forward thinking business model for water marketing from the Enterprise's pool of assets.
- d. Oversee completion of necessary repairs on Enterprise assets.

UPDATE

- With tremendous assistance from Ian Philips, Audrey Turner and Luci Wilson we have developed some very solid long range financial planning tools which have informed the discussion among staff, the Board and the public as to the potential fiscal peril facing the District.
- I have worked closely with the EA team to develop a more robust public outreach related to our core work and the financial implications we are facing. We were able to utilize the States of the River and several discussions with media outlets to get the word out related to our fiscal conundrum.
- We continue to see the potential fiscal fix in our General Fund as integrally related to our Enterprise fiscal situation. John Currier, Mike Eytel and others continue to focus on the developing market of leases for in-channel purposes.
- As a result of my sometimes not so subtle pushing, the outlet works at Wolford are undergoing a major rehabilitation effort this summer with completion slated for the end of the summer. A vast improvement in outlet functions is anticipated.

4. Goal: Increase River District activities and participation in outlying basins.

APPLICABLE STRATEGIC INITIATIVE: 2.A. and 2.B. Outreach in All Basins

- a. Assist, direct and coordinate staff efforts in outreach and program identification and development in the Yampa, White, Green and Gunnison River Basins.
- b. Oversee implementation of fiscal agency for Integrated Water Management Plan in the Yampa River Basin.
- c. Lead efforts to secure input and involvement from water users from all basins in the development of Demand Management program in the state.

UPDATE

- I have continued to work with staff in both the YWG and Gunnison Basin to continue our increased outreach. Our work advising the Rio Blanco Water Conservancy District on its White River Storage Project, and continued funding and involvement in the White River Algae Task Force are good examples of this work. I have also successfully worked with our Water Bank Work Group (WBWG) partners to bring the Upper Gunnison River Water Conservancy District and the Uncompahgre Valley Water Users Association into the WBWG efforts.
 - Our role as fiscal agent for the Yampa IWMP has commenced and I will be working with Hunter to insure this is a successful effort.
 - As mentioned in recent correspondence I delayed initiating our River District centric Demand Management Task Force due to some of the issues related to confidentiality at the state level. By the time we meet in July, I believe we will have started this process moving forward.
- 5. Goal: Provide direction and leadership to District staff as we downsize our workforce and optimize our impact through more efficient, team driven efforts.**

APPLICABLE STRATEGIC INITIATIVES: 11.A. and 11.B. River District Staff Resources

- a. Restructure work assignments and organizational hierarchy to succeed in an era of lean budgets and reduced workforce.
- b. Continue the development of a more consistent and systemized cross departmental, team approach to projects with the goal of leveraging our existing staff resources to more effectively and consistently meet our Strategic Plan Initiatives.
- c. Develop and support staff in innovative methods of achieving our District's mission and strategic goals.

UPDATE

- **I have worked to streamline our chain of command and reassigned tasks previously performed by staff in positions which have been eliminated due to budget concerns. I am developing a more comprehensive plan to simplify our organizational hierarchy which I will be discussing with the Board in July and more in September.**
- 6. Goal: Provide leadership in the development of data to better understand the impacts of climate and hydrologic uncertainty and to develop efforts within the District, State and Basin to mitigate the effects of variable climate.**

APPLICABLE STRATEGIC INITIATIVE: 3.A. Climate and Hydrologic Uncertainty

- a. Assist in the collation, synthesis and distribution of study results addressing this issue.
- b. Develop opportunities to identify and financially support efforts at further development of unbiased data on this issue.
- c. Work with local communities within the District to assist in the development of plans related to firm water supply in light of climate change and uncertain hydrology in the Colorado River.

UPDATE

- **Admittedly, this goal has not received as much attention as the others on my list. I have worked to inform the public through our State of the River addresses about the issues rising temperatures present to water supply, however, we have not developed additional opportunities to develop unbiased information.**
- 7. Goal: Continue to Implement Effective Communication with River District Constituents**

APPLICABLE STRATEGIC INITIATIVES: 1.A. through 1.E. Outreach and Advocacy

- a. Continue communication with the fifteen Boards of County Commissioners and assure that one or more District Staff meet with each Board during the year.
- b. Continued personal and active engagement in elected official educational outreach program for the District.

- c. Work closely with the EA department to increase our systematic public educational and outreach efforts via social media and other platforms.
- d. Participate in a majority of the District's State of the River presentations and the District seminar.

UPDATE

- **I participated in 5 of the 11 State of the River events; not quite a majority.**
- **I have worked closely with the EA department to increase our outreach through social media and other platforms and have personally engaged on multiple fronts on behalf of the District.**
- **I have conversed with multiple county commissioners over the last six months and we are working on plan to formally connect with a substantial majority of the fifteen BOCCs this year.**

GO BACK



Colorado River District

Protecting Western Colorado Water Since 1937

MEMORANDUM

JULY 16, 2019

TO: BOARD OF DIRECTORS

FROM: CHRIS TREESE

SUBJECT: ANNUAL POLICY REVIEW, RD III, 2019

ACTION: *Staff requests the following Board action:*

- *Review and advise of any desired changes to the attached policies.*
- *Consider and advise of any new policy topics desired.*

STRATEGIC INITIATIVE(S):

- *7.D Water Needs/Project Development*
 - *4. Colorado River Supplies (all sub-initiatives)*
 - *9.A Water Efficiency and Conservation*
-

Attached are the two policies the Board directed to be revised and returned to the July meeting for further considerations. The attached reflect the Board's direction at the April quarterly meeting. Changes requested at the April meeting are shown in green along with the previously proposed and implicitly approved 2019 changes in red. Attached are policies:

- Water Quality, and
- Instream Flows.

Recall that under your process for policy review and adoption, policies must be agenda-ed for at least two quarterly meetings before final action. Therefore, both of these policies are eligible for final action at the July meeting at the Board's direction.

As always, the annual policy review is also an opportunity for the Board to request new or suggest missing policy topics. For a complete list of current River District policies, refer to our web site: <http://www.coloradoriverdistrict.org/policies/>.

Adopted 7/20/2016
DRAFT #1, January 15, 2019
DRAFT #2, April 16, 2019
DRAFT #3, July 16, 2019

Instream Flows

Colorado River Water Conservation District Policy Statements:

The Colorado River District recognizes and supports the environmental and human benefits of flowing rivers and streams. The values and benefits of instream flows, however, must be balanced with those of consumptive water uses in an arid West.

The Colorado River District supports Colorado's instream flow program as a means of protecting the aquatic environment. The River District supports the Colorado Water Conservation Board's (CWCB) authority to appropriate instream flow water rights that balance protection of the natural environment with the activities of mankind. The District also supports the state's ability to acquire absolute water rights for loan to an existing instream flow right or conversion through the water court for to an existing or new instream flow to instream flows that when those rights are offered by a willing party and that those rights provide multiple benefits to the aquatic environment and water users and when no injury occurs not causing injury to other water users. The River District also supports alternatives to permanent acquisition through mechanisms such as the voluntary, temporary reduction of historical diversions for environmental benefit.

~~The River District's support for Colorado's instream flow program is not exclusive. The River District likewise supports other mechanisms that benefit the aquatic environment that are consistent with Colorado's Prior Appropriation Doctrine.~~

The District may oppose individual CWCB instream flow appropriations, loans or donations when they exceed the amount reasonably necessary for the protection or improvement of the environment or do not sufficiently accommodate other existing or potential water uses. An instream flow right should not be granted if it would materially impair the ability to fully develop for beneficial use Colorado's entitlements under the Compacts of 1922 and 1948, ~~nor should it exceed the amount of water reasonably necessary for the protection of the environment to a reasonable degree. Moreover, the River District believes that the calls on the CWCB should to exercise its statutory discretion where warranted to accommodate future uses by incorporating into instream flow appropriations decrease conditions such as depletion allowances or "carve outs," when appropriate.~~

The River District's support for Colorado's instream flow program is not exclusive. The River District likewise supports other programs and mechanisms, as well, that benefit the aquatic environment and are consistent with Colorado's Prior Appropriation Doctrine.

The state should periodically review its instream flows rights for potential modification based on improved science and updated demand and water availability data. Additionally, the District supports the existing statutory protection for water uses, decreed or not, existing at the time of an instream flow adjudication.

On a case-by-case basis, the District may advocate for inundation of all or portions of instream flow rights to accommodate new or expanded water storage, consistent with the state's policy of maximum utilization.

Background & Discussion:

The River District was created to protect the many beneficial (consumptive and non-consumptive) uses of Colorado River basin waters. The River District's mission is to protect and manage our scarce water resources for present and future uses and enjoyment.

Since 1973 and the inception of the Colorado instream flow program, the CWCB has appropriated instream flow water rights on more than 1,600 stream segments covering more than 9,250 miles of stream and 480 natural lakes in Colorado. While extensive, there are many waterways that do not have a CWCB instream flow water right. Most of the existing instream water rights are limited to cold water streams and rivers. Additionally, many of the state's existing instream flow rights, especially its earlier instream flow rights, are for single, year-round or two-season flow regimes. More recent, seasonal adjudications better mimic the natural hydrograph and therefore often better protect the natural environment as well as better comport with consumptive water uses.

Conflicts and impacts have occurred as a result of instream flow appropriations, especially when instream flow rights are located on the lower reaches of streams and river; accordingly, special consideration should be given to appropriations near state lines.

Colorado's instream flow statute explicitly protects water uses, including use by exchange, in place at the time of the state's instream flow appropriation, whether those uses are formally documented by water court decree or not. The state has recently indicated it lacks the authority to protect preexisting, undecreed uses unless they are explicitly recognized and included in a water court decree (such as a new junior water rights or an instream flow decree). The River District believes the instream flow statute is clear and those rights are protected from a call by an instream flow right; however, the District is willing to work with the state to provide whatever authorization it believes it currently lacks.

~~The General Assembly in 2013 enacted legislation (C.R.S. 37-92-301(3)(e)) allowing water users to voluntarily reduce water diversions if enrolled in an approved federal land conservation or an approved water conservation or water compact banking program. Under this legislation, water users may reduce, or forego completely, their diversions, without impact to historical use calculations, a maximum of five years in a single ten-year period.~~

Instream Flows

Colorado River Water Conservation District Policy Statements:

The Colorado River District recognizes and supports the environmental and human benefits of flowing rivers and streams. The values and benefits of instream flows, however, must be balanced with those of consumptive water uses in an arid West.

The Colorado River District supports Colorado's instream flow program as a means of protecting the aquatic environment. The River District supports the Colorado Water Conservation Board's (CWCB) authority to appropriate instream flow water rights that balance protection of the natural environment with the activities of mankind. The District also supports the state's ability to acquire absolute water rights for loan to an existing instream flow right or conversion through the water court to an existing or new instream flow when those rights are offered by a willing party and when no injury occurs to other water users. The River District also supports alternatives to permanent acquisition through mechanisms such as the voluntary, temporary reduction of historical diversions for environmental benefit.

The District may oppose individual CWCB instream flow appropriations, loans or donations when they exceed the amount reasonably necessary for the protection or improvement of the environment or do not sufficiently accommodate other water uses. An instream flow right should not be granted if it would materially impair the ability to fully develop for beneficial use Colorado's entitlements under the Compacts of 1922 and 1948. Moreover, the River District believes that the CWCB should exercise its statutory discretion where warranted to accommodate future uses by incorporating into instream flow appropriations conditions such as depletion allowances.

The River District's support for Colorado's instream flow program is not exclusive. The River District supports other programs and mechanisms, as well, that benefit the aquatic environment and are consistent with Colorado's Prior Appropriation Doctrine.

The state should periodically review its instream flows rights for potential modification based on improved science and updated demand and water availability data. Additionally, the District supports the statutory protection for water uses, decreed or not, existing at the time of an instream flow adjudication.

On a case-by-case basis, the District may advocate for inundation of all or portions of instream flow rights to accommodate new or expanded water storage, consistent with the state's policy of maximum utilization.

Background & Discussion:

The River District was created to protect the many beneficial (consumptive and non-consumptive) uses of Colorado River basin waters. The River District's mission is to protect and manage our scarce water resources for present and future uses and enjoyment.

Since 1973 and the inception of the Colorado instream flow program, the CWCB has appropriated instream flow water rights on more than 1,600 stream segments covering more than 9,250 miles of stream and 480 natural lakes in Colorado. While extensive, there are many waterways that do not have a CWCB instream flow water right. Most of the existing instream water rights are limited to cold water streams and rivers. Additionally, many of the state's existing instream flow rights, especially its earlier instream flow rights, are for single, year-round or two-season flow regimes. More recent, seasonal adjudications better mimic the natural hydrograph and therefore often better protect the natural environment as well as better comport with consumptive water uses.

Conflicts and impacts have occurred as a result of instream flow appropriations, especially when instream flow rights are located on the lower reaches of streams and river; accordingly, special consideration should be given to appropriations near state lines.

Colorado's instream flow statute explicitly protects water uses, including use by exchange, in place at the time of the state's instream flow appropriation, whether those uses are formally documented by water court decree or not. The state has recently indicated it lacks the authority to protect preexisting, undecreed uses unless they are explicitly recognized and included in a water court decree (such as a new junior water rights or an instream flow decree). The River District believes the instream flow statute is clear and those rights are protected from a call by an instream flow right; however, the District is willing to work with the state to provide whatever authorization it believes it currently lacks.

Adopted, April 19, 2016
Draft #1, January 15, 2019
Draft #2, April 16, 2019
Draft #3, July 16, 2019

Water Quality

Colorado River Water Conservation District Policy Statement:

The Colorado River District's primary objective with respect to water quality is to protect the ability of **its constituents** to use ~~and enjoy~~ water beneficially now and in the future. To this end, the River District supports the following:

1. The River District will advocate for and may participate in the prevention or mitigation of those activities that adversely impact water quality whenever existing or future beneficial water uses, the ecological health of rivers and streams, **public health**, or local economies dependent on certain water quality may be threatened.

2. Water quality negotiations, classifications, and enforcement decisions should be based on sound scientific data and methodologies and should not impose unreasonable financial burdens or operational constraints ~~on~~of historical water users.

2.3. The River District may participate in administrative and legislative efforts to clarify the scope of the Clean Water Act (CWA) through rulemaking and legislation defining Waters of the U.S. (WOTUS) and its implementation.

3.4. The River District will generally support legislative and regulatory measures that provide and protect water quality it deems reasonable and necessary to support and protect the present and future economy and quality of life in the region.

4.5. The River District will oppose any mandatory, nonpoint source regulation for farming and ranching activities but will encourage the voluntary implementation of reasonable best management practices and programs. The River District will advocate for incentives for non-point pollution prevention and clean-up efforts and funding for those efforts.

5.6. Any new or substantially amended regulations should be implemented with sufficient resources allocated to the affected enforcement authorities, water users and land owners.

Background & Discussion:

The Colorado River District is committed to meeting the present and future water needs of its residents. The River District recognizes that water quality and water quantity are often inseparable. Water quality can be an important factor in the ability of the Colorado River District's residents to beneficially use water.

The tension between water quality and water quantity is long and varied. The inter-relationship between the two is better recognized and accepted today. There is a causative link between the

amount of stream flow present and the water quality of the stream. Water diversions inevitably have some impact on water quality. ~~However, this~~ This impact may not be measurable or significant to either water users or to the environment. ~~However, in the case of transmountain diversions, they can have major, adverse consequences.~~

Water quality regulation is largely driven by federal statutes and regulations, principally the Clean Water Act and regulations promulgated under this Act. The scope of the Act is largely determined by interpretation of the term “Waters of the United States.” (WOTUS). Recent and current efforts to administratively define and re-define WOTUS and guide its implementation have resulted in increased uncertainty. The River District believes Congress has the ultimate responsibility for clarifying WOTUS and other key terms of the CWA. Additionally, new programs, regulatory requirements and judicial interpretations ~~are too often implemented without~~ must be adopted with appropriations sufficient for implementation companion resources.

In Colorado, responsibility for water quality protection is almost exclusively vested in the Colorado Water Quality Control Commission and Division within the Colorado Department of Public Health and the Environment. In contrast, responsibility for water quantity allocation and administration is generally vested with the Water Courts and the Colorado Department of Natural Resources. As integration between water quantity and water quality evolves, local governments should have a role in the monitoring, management and enforcement of water quality programs. Local governments’ role, however, should be voluntary, based on the needs and resources of the community and not mandated.

As growth in Colorado continues, as consumptive water uses ~~in Colorado~~ continue to be developed, and as drought cycles continue to occur, water quality will be an ever-growing issue for Colorado water ~~users~~ managers.

Water Quality

Colorado River Water Conservation District Policy Statement:

The Colorado River District's primary objective with respect to water quality is to protect the ability of the district's residents to use water beneficially now and in the future. To this end, the River District supports the following:

- 1. The River District will advocate for and may participate in the prevention or mitigation of those activities that adversely impact water quality whenever existing or future beneficial water uses, the ecological health of rivers and streams, public health, or local economies dependent on certain water quality may be threatened.**
- 2. Water quality negotiations, classifications, and enforcement decisions should be based on sound scientific data and methodologies and should not impose unreasonable financial burdens or operational constraints of historical water users.**
- 3. The River District will participate in administrative and legislative efforts to clarify the scope of the Clean Water Act (CWA) through rulemaking and legislation defining Waters of the U.S. (WOTUS) and its implementation.**
- 4. The River District will generally support legislative and regulatory measures that provide and protect water quality it deems reasonable and necessary to support and protect the present and future economy and quality of life in the region.**
- 5. The River District will oppose any mandatory, nonpoint source regulation for farming and ranching activities but will encourage the voluntary implementation of reasonable best management practices and programs. The River District will advocate for incentives for non-point pollution prevention and clean-up efforts and funding for those efforts.**
- 6. Any new or substantially amended regulations should be implemented with sufficient resources allocated to the affected enforcement authorities, water users and land owners.**

Background & Discussion:

The Colorado River District is committed to meeting the present and future water needs of its residents. The River District recognizes that water quality and water quantity are often inseparable. Water quality can be an important factor in the ability of the Colorado River District's residents to beneficially use water.

The tension between water quality and water quantity is long and varied. The inter-relationship between the two is better recognized and accepted today. There is a causative link between the amount of stream flow present and the water quality of the stream. Water diversions inevitably have some impact on water quality. This impact may not be measurable or significant to either water users or to the environment. However, in the case of transmountain diversions, they can

have major, adverse water quality consequences.

Water quality regulation is largely driven by federal statutes and regulations, principally the Clean Water Act and regulations promulgated under this Act. The scope of the Act is largely determined by interpretation of the term “Waters of the United States.” Recent and current efforts to administratively define and re-define WOTUS and guide its implementation have resulted in increased uncertainty. The River District believes Congress has the ultimate responsibility for clarifying WOTUS and other key terms of the CWA. Additionally, new programs, regulatory requirements and judicial interpretations must be adopted with appropriations sufficient for implementation.

In Colorado, responsibility for water quality protection is almost exclusively vested in the Colorado Water Quality Control Commission and Division within the Colorado Department of Public Health and the Environment. In contrast, responsibility for water quantity allocation and administration is generally vested with the Water Courts and the Colorado Department of Natural Resources. As integration between water quantity and water quality evolves, local governments should have a role in the monitoring, management and enforcement of water quality programs. Local governments’ role, however, should be voluntary, based on the needs and resources of the community and not mandated.

As growth in Colorado continues, as consumptive water uses continue to be developed, and as drought cycles continue to occur, water quality will be an ever-growing issue for Colorado water managers.



MEMORANDUM
JUNE 28, 2019

TO: BOARD OF DIRECTORS

FROM: ZANE KESSLER
CHRIS TREESE

SUBJECT: COLORADO LEGISLATIVE UPDATE & OUTLOOK

ACTION: *No specific action requested with this memo; however, as always, Board direction, input, and priority-setting welcomed. Staff will request direction on specific issues as time allows.*

STRATEGIC INITIATIVE(S):

- 1. A, B, C** Outreach and Advocacy
- 7. C, D** Water Needs/Project Development

Post Mortem on 2019 Regular Session:

First and foremost, we want to thank Directors for your commitment and dedication to bi-weekly meetings during the legislative session. Your positions, priorities and guidance were truly invaluable throughout the session.

As you know, it was a new and different world at the State Capitol in 2019. Colorado Democrats enjoyed the majority in the House and Senate and, of course, continued to hold the Governor's office. Democrats had a strong 41-24 majority in the House and a 19-16 majority in the Senate. For the first time in history, women were also the majority in the House, 25 in the Democratic caucus and eight in the Republican caucus.

In total, the **General Assembly introduced 598 bills**. The Senate brought forward 263 of those bills and the House brought 335 — perhaps due to the large first-year class of House lawmakers. And both chambers took their work right up to the constitutionally-mandated adjournment of midnight May 3.

The River District followed **28 individual pieces of water and water-related legislation**. A spreadsheet of introduced bills we followed is attached with final outcomes noted for each.

Funding for water programs and the Colorado Water Plan came front and center this session. SB 19-016 changed the timing and distribution of money in the **Severance Tax Operational Fund** by separating the reserves into a core reserve (formerly Tier One) and the grant program reserve

(formerly Tier Two). The state treasurer will now make transfers to the grant programs on August 15 after each fiscal year and must base the transfers on actual revenue as opposed to estimated revenue.

With the help of Sen. Bob Rankin, the Joint Budget Committee appropriated \$10MM to a newly-created **Water Plan Implementation Grants Program**. And in the waning days of the session, leadership in both chambers passed a referred measure to allow **online sports betting** that, if approved by voters, will provide meaningful revenues for Water Plan implementation. That measure will appear on the 2019 statewide ballot as Proposition DD. Estimates from Legislative Council suggest that sports betting revenues could generate between \$8MM - \$14MM per year beginning in 2021.

Of particular interest to the River District and our roundtables, the 2019 Projects Bill included a transfer from the CWCB construction fund of **\$2.5MM to the Water Supply Reserve Fund**.

The River District was actively engaged on other, non-funding-related issues important to the communities we serve. We worked constructively with Rep. Dylan Roberts, the new leader of the House Rural Affairs and Agriculture Committee, to amend and remove concerning provisions in HB19-1218 — a bill that brought much debate regarding the state's **Instream Flow Loan Program**. The District was also engaged in start-to-finish conversations with water users in Division 1 regarding their efforts to secure legislation (HB19-1271) clarifying the ability to **use decreed augmentation water to augment streamflows** on the Poudre River.

Although HB1218 and HB1271 both failed to make it through the Senate Agriculture Committee, the River District's input and early engagement was important on a number of different levels. That engagement will be equally important when those conversation begin again next session.

Interim Committees:

Water Resources Review Committee (WRRC): This 10-member "standing interim" committee is statutorily required to have at least four members residing west of the Continental Divide. This year the West Slope enjoys five members, Representatives Catlin (R-Montrose), Roberts (D-Eagle), and McLachlan (D-Durango) and Senators Coram (R-Montrose) and Donovan (D-Avon) are our representatives. Passage of legislation from this committee requires a super-majority vote of at least seven members. By a tradition of rotation, the Senate Ag Committee chair, Sen. Kerry Donovan, will chair the interim this year.

We expect the committee will examine a broad array of issues, including some of the topics of failed legislation from last session. An overview and discussion on **Colorado's Instream Flow Program** will be the focus of the interim committee's first meeting on August 21 in Steamboat, which coincides with the summer conference of the Colorado Water Congress.

We have also successfully advocated for the committee to spend at least a half a day on Colorado River Compact issues during their second meeting on Sept. 11 in Denver.

Wildfire Matters Review Committee (WMRC): This is the fifth consecutive year for this interim committee. The committee has broad review authority, but is limited to recommending only five bills. Encouragingly, the committee continues to focus on forest and watershed health.

The West Slope will benefit from having two new faces, Representatives Perry Will (R-New Castle) and Julie McCluskie (D-Dillon), serving alongside Senator Coram (R-Montrose) this year. We are still waiting for a complete committee schedule and meeting materials for the WMRC.

November Ballot Initiatives: Two November ballot questions were referred by the General Assembly last session.

Online Sports Betting/Water Plan Funding: As was mentioned earlier, HB19-1327 passed on the last day of the session and will be referred to voters for the 2019 ballot as Proposition DD. Estimates suggest that if approved by the voters, sports betting will generate between \$8 - \$14 million per year beginning in 2021.

Voter Approval to Retain Revenue for Education and Transportation: The General Assembly passed HB19-1257 which will be referred to the 2019 ballot as Proposition CC. Proposition CC would allow the state to retain excess revenue it is currently required to refund under the Taxpayer's Bill of Rights (TABOR). Retained funds would be used for education and transportation purposes.

Two citizen initiatives have also been approved for signature gathering:

- Restoration of Gray Wolves on designated lands west of the Continental Divide.
- An Increase of the Effective Severance Tax Rate on Oil and Gas operations in Colorado.

2020 Outlook: Per usual, the budget will dominate much of the political debate next year. The spending bills for fiscal year 2020 included pay hikes for state employees, more money for education (including \$185MM to cover the annual cost of full-day kindergarten statewide) and dozens of other big-ticket programs. In total, the JBC spent an additional \$821MM in discretionary dollars, a 7 percent increase from the prior year — most of that went to paying for existing programs though.

The conversation around funding for Colorado's water programs and the Water Plan will continue as well. Some members of the Joint Budget Committee made commitments last year to provide additional appropriations in 2020 and 2021 **to continue funding Water Plan Implementation Grants Program**. There will, of course, be competition for those dollars. There has also been some discussion of another referred measure to attempt to fully-fund the Colorado Water Plan through a tax increase of some kind.

Bill #	Title	Position	House Sponsors	Senate Sponsors	Status
HB19-1006	Wildfire Mitigation Wildland-urban Interface Areas	Support	T. Carver (R), B. McLachlan (D)	R. Fields (D)	Governor Signed (05/31/2019)
HB19-1015	Recreation Of The Colorado Water Institute	Support	J. Arndt (D)	J. Ginal (D)	Governor Signed (02/20/2019)
HB19-1026	Parks And Wildlife Violations Of Law	Support	M. Catlin (R), J. McCluskie (D)	D. Coram (R), K. Donovan (D)	Governor Signed (06/03/2019)
HB19-1029	Republican River Water Conservation District	Neutral	J. Arndt (D)	L. Crowder (R)	Governor Signed (04/16/2019)
HB19-1050	Encourage Use Of Xeriscape In Common Areas	Support	B. Titone (D)	K. Priola (R), F. Winter (D)	Governor Signed (03/07/2019)
HB19-1071	Colorado Department Of Public Health And Environment Water Quality Control	Monitor	H. McKean (R)	R. Zenzinger (D)	Governor Signed (03/07/2019)
HB19-1082	Water Rights Easements Protect Water Quality	Support	D. Valdez (D), M. Catlin (R)	D. Coram (R)	Governor Signed (03/28/2019)
HB19-1113	Adverse Mining Impacts Reclaimed Domestic Wastewater Point Of Compliance	Support	B. McLachlan (D), D. Roberts (D)	K. Donovan (D)	Governor Signed (04/04/2019)
HB19-1200	Loaned Water For Instream Flows To Improve Environment	Support Amend/ Neutral	J. Arndt (D) D. Roberts (D)	D. Coram (R), J. Bridges (D) K. Donovan (D)	Governor Signed (04/04/2019) Senate Committee on Agriculture & Natural Resources Postpone Indefinitely (04/17/2019)
HB19-1231	New Appliance Energy And Water Efficiency Standards	Monitor	M. Froelich (D), C. Kipp (D)	K. Priola (R), P. Lee (D)	Governor Signed (05/30/2019)

Study Agricultural Applications For				
HB19-1247	Blockchain	Support	D. Valdez (D), M. Catlin (R)	D. Coram (R), K. Donovan (D) Governor Signed (05/30/2019)
HB19-1259	Species Conservation Trust Fund Projects	Support	D. Roberts (D), R. Pelton (R)	Governor Signed (05/17/2019) Senate Committee on Agriculture & Natural Resources Postpone Indefinitely (04/17/2019)
HB19-1271	Augmentation Of Instream Flows	Support	J. Arndt (D)	D. Coram (R)
HB19-1279	Protect Public Health Firefighter Safety Regulation PFAS Polyfluoroalkyl Substances	Support	L. Landgraf (R), T. Exum Sr. (D)	P. Lee (D), D. Hisey (R) Governor Signed (06/03/2019)
HB19-1327	Authorize And Tax Sports Betting Refer Under Taxpayers' Bill Of Rights	Support	A. Garnett (D), P. Neville (R)	K. Donovan (D), J. Cooke (R) Governor Signed (05/29/2019)
HB19-HJR1005	Water Projects Eligibility Lists	Support	D. Roberts (D)	K. Donovan (D) Governor Signed (02/20/2019)
SB19-016	Severance Tax Operational Fund Distribution Methodology	Support	L. Saine (R), D. Esgar (D)	D. Coram (R), K. Donovan (D) Governor Signed (04/01/2019) Senate Committee on State, Veterans, & Military Affairs Postpone Indefinitely (01/28/2019)
SB19-037	Wildfire Mitigation	Support		R. Woodward (R)
SB19-040	Establish Colorado Fire Commission	Oppose	T. Carver (R), D. Roberts (D)	R. Fields (D), D. Hisey (R) Governor Signed (06/03/2019)
SB19-070	Department Of Natural Resources Language Update	Support	J. Arndt (D)	J. Tate (R) Governor Signed (03/07/2019)
SB19-184	Authority Colorado Water Institute Study Blockchain Technology	Support	J. Arndt (D), M. Catlin (R)	Senate Committee on Agriculture & Natural Resources Postpone Indefinitely (03/21/2019) J. Tate (R)

SB19-186	Expand Agricultural Chemical Management Program Protect Surface Water	Support	J. Arndt (D), M. Catlin (R)	D. Coram (R), K. Donovan (D)	Governor Signed (06/03/2019)
		Monitor	D. Esgar (D)	D. Moreno (D)	Governor Signed (04/18/2019)
SB19-212	FY 2019-20 Long Bill Appropriation General Fund Implement State Water Plan	Support	D. Esgar (D)	B. Rankin (R)	Governor Signed (04/17/2019)
		CO Water Conservation Board Construction Fund Project	Support	D. Roberts (D)	K. Donovan (D) Governor Signed (06/03/2019)
SB19-255	Gallagher Amendment Residential Assessment Rate	Monitor	L. Herod (D), D. Esgar (D)	L. Court (D), J. Tate (R)	House Third Reading Passed - No Amendments (04/30/2019)
		Corps Of Engineers To Dredge Lower Arkansas River	Neutral	D. Esgar (D), M. Catlin (R)	Introduced In Senate - Assigned to Agriculture & Natural Resources (01/04/2019)
SB19-SJM002					



MEMORANDUM
JUNE 28, 2019

TO: BOARD OF DIRECTORS

FROM: CHRIS TREESE

SUBJECT: FEDERAL AFFAIRS:
JULY QUARTERLY MEETING 2019

ACTION: No specific action requested with this memo; however, as always, Board direction and priority-setting welcomed.

STRATEGIC INITIATIVE(S):

1.B Outreach and Advocacy

7. Water Needs/Project Development

I will continue my tradition of a “progressive memo” on federal affairs for the Board’s quarterly meetings. Since federal issues remain active longer than state issues, creating separate quarterly memos for each federal issue would be redundant and inefficient. This progressive memo will follow the issues and developments of interest to the River District in the 115th Congress. Since a session of Congress runs for two years, I will update this memo through 2018 to provide the Board with an easier, read-at-a-glance communication concerning federal affairs. The length of this memo will grow with each quarterly Board meeting. New materials will be highlighted in **bold** for easy reference.

If Board members have questions between quarterly updates or desire additional information on specific federal developments, please do not hesitate to contact me.

Highlights: 2nd Quarter:

- **Sen. Barroso (R-WY), along with Sen. Gardner and Bennet, introduced S. 990 authorizing the Secretary of the Interior to participate in the implementation of the Platte River Recovery Implementation Program for threatened and endangered species in the Central and Lower Platte River Basin.**
- **Democrat Congressional leaders and President Trump announced an agreement to pursue a \$2 trillion infrastructure plan to upgrade the nation’s “highways, railroads, bridges and broadband.” Conspicuously absent is water and wastewater infrastructure, as well as any mention of infrastructure requirements to address climate change. However, Democrat leadership in the House has said “a comprehensive infrastructure plan is more than just roads and bridges, it’s also water and sewage, and access to broadband.” On June 26, the Senate Committee on Energy and Natural Resources’ Subcommittee on Water and Power will hold a hearing on the bill.**

201 Centennial Street / PO Box 1120 • Glenwood Springs, CO 81602

(970) 945-8522 • (970) 945-8799 Fax

www.ColoradoRiverDistrict.org

- **Congresswoman Diana DeGette introduced new legislation, the Colorado Wilderness Act of 2019. This legislation includes 33 different areas to be designated as Wilderness, - including the area surrounding Deep Creek that we're investigating for possible Wild & Scenic designation. This year's legislation is essentially identical to the legislation she introduced in the last Congress (and has introduced for the last 19 years).**
- **Reps. Jared Huffman (D-CA) and Paul Gosar (R-AZ) introduced the Water Conservation Rebate Tax Parity Act today, bipartisan legislation to amend Federal tax law to clarify that homeowners do not need to pay income tax when they receive rebates from water utilities for water conservation and water runoff management improvements that they have made.**
- **Congress reached an agreement on the disaster aid package. In the strange world of federal legislation, it includes \$720 for the Forest Service to restore fire borrowed accounts and also \$435 million for the USDA Emergency Watershed Protection program.**
- **The district court in North Dakota granted Attorney General Weiser's motion for Colorado and that of New Mexico to withdraw as plaintiffs challenging the 2015 WOTUS rule. In so doing, the court also lifted the injunction against the rule as to those parties. This means the 2015 WOTUS rule is now in effect in Colorado.**
- **Former Interior Secretary Sally Jewell will take over as interim CEO of the Nature Conservancy, the nonprofit rocked by harassment and misconduct scandals.**
- **A bipartisan group of senators, including Cory Gardner (R-CO), introduced a bill in mid-June to improve U.S. water supplies and drought resiliency. The "Drought Resiliency and Water Supply Infrastructure Act," builds on the "Water Infrastructure Improvements for the Nation Act" (WIIN) and creates a new loan program at 30-year Treasury rates (currently 2.6%) for water supply projects. Senator Gardner provided us the opportunity to review prior to introduction.**
- **The House passed its five-bill "minibus" appropriations bill that includes the Interior-Environment title.**
- **The CORE Act passed the full House Natural Resources Committee by a vote of 32-15.**
- **Rep. Josh Harder (D-CA) introduced the Securing Access for the Central Valley and Enhancing Water Resources Act, also known as the SAVE Act. This act would establish a new "Water Infrastructure and Drought Solutions Fund" to pay for new water infrastructure, authorize a RIFIA pilot program, and increase the Title XVI authorization cap to \$500 million.**
- **Rep. Grace Napolitano (D-CA) introduced The Water Recycling Investment and Improvement Act (H.R. 1162). This would establish a competitive grant program for water recycling and reuse projects, increase the Title XVI authorization cap to \$500 million, and increase the federal per project contribution maximum from \$20 million to \$30 million.**

- The House passed its five-bill “minibus” appropriations bill that includes the Interior-Environment title.

Budget:

Last quarter I reviewed the President’s budget, now we’re in appropriations season. Recent history says few if any appropriations bills will be passed and signed into law by the September 30 deadline (end of fiscal year). However, consistent with recent history, majorities in both houses are again pledging that all appropriations bills will be passed, and there will be no Continuing Resolutions or Omnibus spending bills to fund the 2020 budget.

The House Energy and Water Appropriations bill includes a total of \$1.65 billion for Reclamation, an increase of \$82.8 million above FY 2019 levels and \$528 million above the President’s budget request.

The House Appropriations Committee announced several “plus ups” for programs of River District interest in the Interior-Environment appropriations bill:

Land and Water Conservation Fund (LWCF) - The bill provides \$523.9 million for LWCF, including \$244 million for the federal program and \$280 million for state programs. The total is \$85 million above the fiscal year 2019 enacted level and \$491 million above the President’s budget request.

Wildland Fire Management (WFM) - The bill provides \$5.21 billion for WFM, which includes \$2.25 billion in cap adjusted fire suppression funding. The total funding is \$1.6 billion above the 2019 enacted level and \$49 million above the President’s budget request.

Department of the Interior (DOI) – The bill provides a total of \$13.79 billion in discretionary appropriations for DOI – \$833 million above the 2019 enacted level and \$2.41 billion above the President’s budget request.

The House passed H.R. 2740 by a vote of 226 – 203. This four-bill package contained appropriations for Energy and Water Development, Defense, Labor-Health and Human Services-Education, and State Foreign Operations measures.

President Trump signed a long-delayed \$19.1 billion disaster aid package into law after the House overwhelmingly backed it last night. The legislation will provide:

- \$4.5 billion to the Agriculture Department, with the bulk of those dollars going to cover crop losses,
- \$3.3 billion to the Army Corps of Engineers for both repairing existing water and flood control projects and beginning new ones focused on resilience,
- \$414 million for EPA, with most of those dollars going toward improved resilience of water and wastewater systems, and
- \$328 million for the Interior Department for repairing and replacing damaged facilities.

An internal email suggests that funds in this bill that are supposed to replenish Forest Service accounts previously diverted for “fire borrowing” will be used mostly to fight wildfires (again) this summer. That seems to be the reality of Forest Service budgeting in the final year before a wildfire funding fix enacted by Congress takes full effect. At issue is \$720 million intended to replenish non-fire-related accounts the Forest Service raided to fight wildfires in California and elsewhere last year. In theory, the money Congress slated would make up for what was taken away from those types of projects. But in practice, the Forest Service has nowhere else to turn if wildfires again strain its fire-related accounts, as the agency has said is likely. The Forest Service has \$1.7 billion budgeted for wildfires and predicts the coming season will cost between \$1.6 billion and \$2.8 billion.

Fights over reviving the Yucca Mountain nuclear waste facility and whether the United States should remain in the Paris climate accord are expected as the House considers a nearly \$1 trillion fiscal 2020 spending package. The “minibus” appropriations package contains the Energy-, Defense, Labor-Health and Human Services-Education, Legislative Branch and State-Foreign Operations funding measures. "This will be the first of several minibuses," House Majority Leader Steny Hoyer (D-MD) said, reiterating his goal of the House passing all 12 spending bills before leaving for the July Fourth. The process, however, is unlikely to be as expedited, nor as easy. House minibuses are expected to pass with little Republican support.

Drought Contingency Plans:

On February 6, 2019, the Department of the Interior published a notice in the Federal Register requesting input from the Colorado River Basin States on potential actions by Interior that: “(a) would be appropriate to take to reduce the risks the Colorado River Basin is facing, and (b) could be adopted prior to the August 2019 determinations of operations for Lake Powell and Lake Mead in 2020, in the event that DCPs could not be completed and promptly adopted.”

On March 19, the states and several key water districts submitted their respective DCPs to Congress. But for the DCP to be finalized, Congress must pass legislation authorizing its implementation. Arizona — one of the last states to sign on — made its participation contingent on the legislation.

The agreement and proposed legislation have been sharply criticized by the river's largest single user, Southern California's Imperial Irrigation District.

The Imperial Irrigation District (IID) refused to sign on to the DCP, seeking \$200 million in additional federal funding for environmental mitigation at the Salton Sea.

Separate House and Senate committees meet this week to examine the recently signed drought contingency plan for the Colorado River. Separate Senate and House bills should be introduced this week. I expect to have an update and good news at the April meeting.

Waters of the US (WOTUS):

Mid-December, the Trump administration released its proposed revised definition of "waters of the United States." According to the administration's release, the proposal covers "six types of aquatic resources: traditionally navigable waters, tributaries, impoundments, wetlands adjacent to traditionally navigable waters, some ditches, and some lakes and ponds. It covers streams and creeks that flow year-round or intermittently into larger downstream waters, including navigable waters and other tributaries to them."

The December document dedicates considerable time to the definition and limited applicability of ditches. There is a new category for ditches proposed for addition to the definition of "waters of the US." "Ditches" are generally defined not to be "waters of the US." Only "jurisdictional ditches" may be considered waters of the US. Jurisdictional ditches are those that "function as traditional navigable waters, if they are constructed in a tributary and also satisfy the conditions of the proposed "tributary" definition, or if they are constructed in an adjacent wetland and also satisfy the conditions of the proposed 'tributary' definition."

Encouragingly, the pre-publication document explains, "The regulatory status of ditches has long created confusion for farmers, ranchers, irrigation districts, municipalities, water supply and stormwater management agencies, and the transportation sector, among others. In an effort to reduce that confusion, the agencies propose to delineate the categories of ditches that would be "waters of the United States," and are proposing to exclude all other ditches from that definition."

On December 11, the Army Corps of Engineers ("Corps"), Department of Defense ("DOD"), and the United States Environmental Protection Agency ("EPA") (collectively "the Agencies") jointly proposed a new "Waters of the United States" (or "WOTUS") definition. The Agencies intend for the proposal to replace the Obama-era "Clean Water Rule: Definition of 'Waters of the United States, 2015'."

The Agencies stated that the Proposed 2018 WOTUS Rule is intended to "further clarify jurisdictional questions, eliminate case-by-case determinations, and narrow CWA jurisdiction to align with Justice Scalia's opinion in *Rapanos v. United States*. The Agencies' definition encompasses "relatively permanent flowing and standing waterbodies that are traditional navigable waters in their own right or that have a specific connection to traditional navigable waters, as well as wetlands abutting or having a direct hydrologic surface connection to those waters."

Of particular interest to the River District and germane to our comments on the 2015 rule, this new rule simplifies and narrows the definition of ditches. Importantly, this rule appears to exclude most irrigation ditches from the definition of "waters of the United States." While an improvement over the 2015 rule, additional clarity is needed to limit the inevitable jurisdictional questions of irrigation ditch inclusion/exclusion.

Finally, the new rule expressly excludes certain waters from the definition of "waters of the United States." Specifically, the proposal's exclusions include:

- 1) groundwater,

- 2) ephemeral surface features and diffuse stormwater run-off,
- 3) ditches that do not fall into the category of jurisdictional ditches,
- 4) prior converted cropland,
- 5) artificially irrigated areas,
- 6) artificial lakes and ponds constructed in uplands,
- 7) most stormwater control features,
- 8) wastewater recycling features, and
- 9) waste treatment systems.

On February 14, the U.S. Army Corps of Engineers and US EPA (the Agencies) published a proposed rule to revise the definition of “Waters of the United States” defining the scope of federal jurisdiction under the Clean Water Act. The deadline for comments is April 15 — the Agencies have denied requests for an extension. Staff will present an update at the April meeting.

In the multi-state litigation Colorado is party to, in May the court granted three states’ request to withdraw from the case and stipulated that an earlier preliminary injunction of the Obama rule is no longer in effect in Colorado.

Mid-May the U.S. District Court for the Southern District of Texas ruled the 2015 rule (Obama rule) violated the Administrative Procedures Act by issuing a final regulation that was too different from the proposed version — depriving the public of a meaningful opportunity to comment. The Obama appointee judge noted that the final rule "was the first time that the agencies gave notice that they intended to define adjacency by precise physical distance-based criteria — rather than the ecologic and hydrologic criteria in the proposed rule."

The Senate Environment and Public Works Committee held a hearing addressing how the Clean Water Act protections affect the agriculture sector. Committee Chairman John Barrasso (R-WY) has been supportive of the Trump administration's rollback. The hearing examined how different Clean Water Act regulations have changed over time and how regulations affect stakeholders, "especially in the agricultural sector."

Forest Health

The Colorado Water Congress, Club 20, Front Range Water Council and The Nature Conservancy have formed the Colorado Forest-Watershed Advocacy Alliance. We have identified several advocacy/action areas deserving investment (time more than money right now). The Alliance will only pursue projects/actions that enjoy full consensus and genuinely address forest-watershed health.

Timely to the Alliance’s formation, the Colorado State Forest Service announced in March the state’s spruce beetle infestation worsened in 2018. The pest was active on 278 square miles of high elevation lands last year. Since 2000, the beetle has damaged about 2,800 square miles.

Additionally, the agency reported that wildfires consumed the second-largest area in state history in 2018.

The House recently passed (227-194) its five-bill “minibus” appropriations bill that includes the Interior-Environment title. The White House has said it would veto the package over both spending levels and policy provisions. However, it’s still early in the process, as the bill still has to go to the Republican-controlled Senate, then conference committee, then back to each house, then to the President bb

Legislation:

Bolts Ditch Access:

Bolts Ditch access language is included in S.47 the Public Lands legislative package the lengthy Public Lands package bill that passed both houses and was signed by President Trump.

With the Bolts Ditch Access bill finally passed (see immediately above), Minturn and others are now seeking further amendment to the Act. The desired amendment would add the Eagle River Water & Sanitation District as another eligible entity to which the Interior Secretary to receive the permit to rehabilitate and operate the Bolts Ditch headgate within the Holy Cross Wilderness.

Water Rights Protection Act

Congressman Tipton re-introduced his Water Rights Protection Act again this Congress. H.R.579

Forest Health, H.R. 691

Congressman Greg Walden (R-OR) introduced H.R. 691 to increase thinning of forests suffering from disease and bug infestations, picking up where Republicans left off last year in pressing more intensive forest management.

H.R. 691 would amend the Healthy Forests Restoration Act of 2003 to authorize insect and disease treatment on federal land, which typically involves thinning trees and conducting prescribed burns. It was referred to the Agriculture and Natural Resources committees.

Water Conservation Rebate Tax Parity Act

H.R. 644 by Jared Huffman (D-CA) would exclude rebates for water conservation or stormwater management from taxable income. This would treat water conservation rebates the same as energy conservation rebates for tax purposes. This would also eliminate the requirement that utilities issue Form 1099s reporting taxable income for every rebate provided as an incentive for water conservation measures purchased or implemented.

Upper Colo River & San Juan Recovery Programs

Funding authorization for both the Upper Colorado and San Juan River Recovery Programs are included in S.47, the lengthy Public Lands package bill that passed both houses and was signed by President Trump.

Land & Water Conservation Fund

Permanent re-authorization (but not assured funding) was included in S.47, the lengthy Public Lands package bill that passed both houses and was signed by President Trump.

CRD Priorities for the 116th Congress:

Generally:

The River District will establish and maintain a close, working relationship with each of the delegation's offices, both in DC and appropriate field offices with particular attention to our new delegation member. The River District will monitor water-related legislative and administrative proposals for potential impact to the River District and western Colorado water users. The River District will leverage its membership and involvement in national and West-wide organizations such as National Water Resources Association, Family Farm Alliance, and Western Coalition of Arid States to amplify our voice and foster coalitions on issues of primary importance to the CRD.

Generally, the River District will not champion nationwide issues, such as ESA reform or NEPA streamlining, though we may add our voice, as appropriate, to such larger campaigns. Typically, we will focus our federal involvement on issues, both regulatory and legislative, that uniquely or disproportionately affect western Colorado.

Priority Issues:

- Monitoring the frequent personnel changes in this Administration and offering support and assistance, where appropriate, to new appointees and their offices
- Upper Colorado River and San Juan River ESA Recovery Programs funding (legislative authorization – appropriations)
- Providing education and outreach within the District regarding beneficial programs and provisions in the recently passed 2018 Farm Bill
- Colorado River Drought Contingency Plan authorization/implementation legislation
- Support for Bolts Ditch “access”
- Good Samaritan legislation
- Waters of the US (rulemaking, legislation possible)
- Monitor and protect water rights in proposed Colorado Wilderness (legislative) and other special land designations (legislative and administrative)
- Deep Creek Wild & Scenic designation (legislative)

- USDA Conservation Programs Funding, including NRCS snow course funding (legislative, appropriations)
- Healthy Forest initiatives and programs to assist forest and watershed health
- Ski Area Water Rights Rule/Legislation (regulatory and legislative)
- Water and Wastewater Infrastructure Funding, annual revolving loan fund appropriations (legislative)
- Legal irrigation through and with federal water infrastructure for hemp and marijuana
- Tax exemption for water conservation rebate programs
- Provide support for reauthorization and full funding of the Land and Water Conservation Fund



MEMORANDUM

JUNE 28, 2019

TO: BOARD OF DIRECTORS
CC: ANDY MUELLER, GENERAL MANAGER
FROM: DAVE "DK" KANZER, P.E. AND SONJA CHAVEZ ^{DK} SC
SUBJECT: LOWER GUNNISON PROJECT ACTIVITIES – 2019 MID-YEAR UPDATE

ACTION: *No Board action requested; this is an informational memo*

APPLICABLE STRATEGIC INITIATIVE(S):

- 3. C. The River District will engage in and support water supply planning efforts, local and regional, which include adapting to climate change impacts.
- 7. C. The River District will look for opportunities where its efforts are needed as a catalyst to help in-District interests plan for and meet their water needs in a manner that is consistent with the District's compact contingency planning goals and objectives.
- 7.D. The River District will actively pursue funding sources and provide financial assistance to be used for the refurbishment and modernization of the aging water supply infrastructure within the District in order to help preserve and improve existing supplies and operations.

Introduction and Background

The River District created, and directly manages a large portion of, the Lower Gunnison Project (LGP), a multi-year, cooperatively-funded initiative to increase agricultural water use efficiency in four focus areas of the Lower Gunnison Basin.

The LGP relies upon a portfolio of funding that includes \$8MM of USDA-NRCS Regional Conservation Partnership Program (RCPP) of directed funding (not a grant) to leverage other monies, including approximately \$45MM of Colorado River Storage Project Act (CRSPA) power revenues and Colorado River Salinity Control grant funding (estimated to be approximately \$20-30MM from 2015, 2017 and now 2019 Funding Opportunity Announcement (FOA) cycles) and smaller, yet significant funding support from CWCBC programs (Water Plan Grants, Water Supply Reserve Funds and technical assistance) as well as from Colorado Water Quality Control Division program funding (Non-point Source 319 Program).

All together these funds help local irrigation districts and companies convert open, earthen canals to buried, pressurized pipe and to change from inefficient flood irrigation to pressurized sprinklers (where appropriate). By design, this limits water losses and cuts off deep percolation that can mobilize salt and selenium to the Lower Gunnison and Colorado Rivers. The LGP can ultimately decrease headgate demands and administrative spills as system efficiencies increase, resulting in

201 Centennial Street / PO Box 1120 • Glenwood Springs, CO 81602

(970) 945-8522 • (970) 945-8799 Fax

www.ColoradoRiverDistrict.org

conserved water in upstream reservoirs, where available, or making water available to other, previously water short junior water right holders.

LGP Activities Update – Off-farm 2019

After much delay (LGP was originally approved in 2014) and some minor technical issues, we are extremely pleased to report that four LGP project components have been constructed and are functioning, as designed. On July 17th, there will be a staff presentation that provides additional detail and illustration of the following successfully constructed projects:

The Fire Mountain Canal Improvement Project (“Segment 47”; 22,400 feet or 4.2 miles, large diameter pipe; including new Leroux Creek siphon; Total Cost Estimated at \$4.6MM). Phase 1 of this 2-year piping project is completed and is delivering irrigation water. The project is cooperatively funded by the Fire Mountain Canal and Reservoir Company (approximately \$200K), RCPP Watershed Authority (\$1.15M – managed by the River District), Reclamation Salinity Control (\$2.95M), and Colorado Water Conservation Board (\$191K). The RCPP portion, with fiscal management by the River District, involves piping a total of approximately 2 miles of the lower Fire Mountain Canal ‘extension’, approximately 80% of this RCPP-funded project component was installed from November 2018 to April 2019. The balance of the 2 mile segment along with the salinity-funded large diameter pipe and siphon is scheduled to be completed in time for the 2020 irrigation season. It was designed by the Applegate Group and constructed by Telluride Gravel.

Uncompahgre Valley WUA Phase 9 East Side Laterals Piping Project (includes piping 21.5 miles of five separate irrigation laterals; Total Cost Estimated at \$10.3M, with funds from UVWUA (\$50k); RCPP Watershed Authority (\$1.3M – managed by the River District), Reclamation Salinity Control (\$5.3M), CRSP MOA (\$3.4 MM) and State of Colorado Non-Point Source Program (\$230k); Year two of this multi-year, multi-lateral project was successful, with the RCPP-funded portion, with fiscal management by the River District, has been completed on time and on budget; it piped 3.4 miles of the GB and GBA Laterals (off of the East Canal system) near Olathe. Previously a five mile section of the GK was piped. Both were designed by USBR and installed by UVWUA.

Bostwick Park WCD West Lateral Phase 1 Piping Project (includes approximately 0.5 miles of new pipeline, with a total cost of \$499,000). This construction project has completed on time and under budget. The project is entirely funded by RCPP Watershed Authority with technical assistance funding from the Colorado Water Conservation Board (\$37.4k). It was designed by JUB Engineers and constructed by Bostwick Park Water Conservancy District.

The Needle Rock Headgate Improvement Project (includes new concrete and steel headgate structure and 875 feet of pipeline; total estimated cost with design and oversight of \$380,000). After multiple delays related to federal government shutdown, landowner concerns and inclement weather this project was completed in time to be successfully delivering a secure water supply while enabling upstream fish passage for the first time. Construction was wholly funded by the RCPP Watershed Authority with technical assistance monies provided by the CWCB; unlike the other RCPP-funded projects, all fiscal and contract management was directly provided by River

LOWER GUNNISON PROJECT ACTIVITIES BRIEFING – MID-YEAR 2019

District staff on behalf of the private mutual ditch company. Although there were a few minor change orders, the net result was only approximately 2% increase over the original cost estimate.

Crawford WCD Projects (totals \$13.6MM consisting of \$1.3MM RCPP, \$5.5MM CRSP MOA, \$5.2MM Salinity, CWQCD 319 \$400K and \$200K CWCB technical assistance) to design and construct five project components:

- 4C Regulating Reservoir (approximately \$360,000 of RCPP funds and \$15,000 CWCB TA), associated with
- The Crawford Clipper Center Lateral Pipeline (approximately \$3.2MM Reclamation Salinity funded)
- Upper Aspen Canal Pipeline (approximately \$5MM CRSP MOA);
- The Lower Aspen Canal and Aspen-West Lateral Interconnection Pipelines (estimated cost \$1.8M) fund raising for in progress (Colorado Water Plan and WSRF) with technical and advisory support from River District as there is a lack of CRSP MOA funding to complete.
- Crawford Reservoir and Smith Fork feeder canal automation (approximately \$0.5MM CRSP MOA funded; \$25,000 RCPP),
- Grand View Piping and Integration Project (approximately \$672,000 of RCPP and \$2M Reclamation Salinity funding with application pending).

Most permitting has been completed for the larger projects (two FONSI's have been issued) and engineering designs are being finalized, with the construction bid processes beginning for the Upper Aspen Canal pipeline (bids open until late July).

In all, with over \$13.6MM being brought together, the Crawford Country projects will have a large beneficial impact over the next several years with varying construction schedules. Construction activities should commence in earnest in late 2019, with completion dates as late as 2022 (Grand View Canal). Currently, it is anticipated that the Center Clipper and 4C Reservoir projects will be complete by spring 2020, Crawford Reservoir automation by September 2020, Upper Aspen Canal is slated to be completed by spring of 2021 and the Lower Aspen Canal fall of 2022

LGP Activities Update – On- and near-farm improvements 2018

A great deal of work has been accomplished with regard to RCPP EQIP on-farm activities that are being managed by River District staff. Of the 22 Conservation Activity Plans (CAPs) developed, 18 were submitted by landowners for consideration for construction implementation funding. Of those, 15 irrigation improvement projects were selected for construction implementation funding award. Following notice of award, cultural resources surveys and related NEPA compliance were completed in conjunction with local NRCS offices (Delta and Shavano) and the CWCB funded RCPP Irrigation Water Management Specialist position.

Before final engineering and construction implementation contracts can be executed with landowners for on-farm irrigation improvement projects, staff must obtain formal approval from the NRCS National Headquarters (NHQ) on contract amendment provisions to ensure consistency with the Lower Gunnison Project Alternative Funding Arrangement (AFA). Contracting difficulties with NRCS has hampered the ability to move forward efficiently and effectively. River

District staff are in communications with NRCS on the above issues in attempt to come up with workable solutions. More information is anticipated and will be shared at the board meetings.

MEMORANDUM
JUNE 30, 2019

TO: BOARD OF DIRECTORS
ANDREW MUELLER, GENERAL MANAGER
PETER FLEMING, ESQ., GENERAL COUNSEL

FROM: RAY TENNEY, P.E.
JOHN CURRIER, P.E., CHIEF ENGINEER

SUBJECT: RITSCHARD DAM, WOLFORD MOUNTAIN RESERVOIR – UPDATE ON REPAIR ACTIVITIES

ACTION: *No Action Requested*

STRATEGIC INITIATIVE(S): *13. Asset Management*

This memorandum provides updates on the following activities related to Ritschard Dam.

1. Main gate replacement (pgs. 2-12).
2. Guard gate seal replacement (pg. 12)
3. 30 inch butterfly valve replacement (pg. 12)
4. 96-inch butterfly valve leakage remedy (pg. 13)
5. New spillway safety boom (pg. 14)
6. Risk Assessment and FLAC modeling reports finalization (pg. 14)
7. Dam Crest Road Crack Investigation (pgs. 15-17)



Main Gate Replacement

The main gate arrived on site May 7, 2019 and was unloaded by Marine Diving Solutions (MDS) with their 75 ton crane which arrived in a snow storm after a lengthy transport from Denver.



RITSCHARD DAM, WOLFORD MOUNTAIN RESERVOIR – UPDATE ON REPAIR ACTIVITIES

It took a week for MDS to assemble and load their work barge from the 10 barge segments which had been stored at Wolford over the winter. The work barge was then moored at the outlet tower using large anchors on the reservoir bottom and concrete blocks on the dam crest. (Note the anchor on the deck in front of the decompression chamber.)



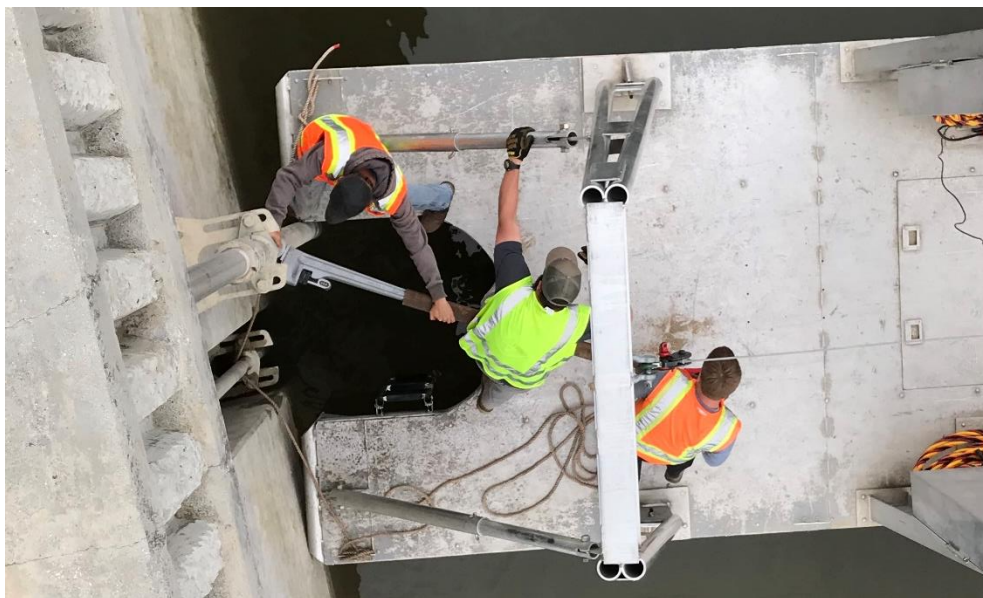
MDS pushed the barge into position and established the mooring lines on a seemingly windy day (not so much compared with what was to come). The barge is never anchored to nor touches the outlet tower. Its position is completely controlled by manipulation of the 4 mooring lines. Note the reservoir level under the bridge.

The main gate is enclosed in a trash rack structure at the bottom of the outlet tower consisting of 10 - 8 foot square panels. To access the gate for replacement the top two panels are removed.

RITSCHARD DAM, WOLFORD MOUNTAIN RESERVOIR – UPDATE ON REPAIR ACTIVITIES



The 4-1/2" stainless steel stem which raises and lowers the gate was withdrawn from the bronze thrust nut in the old gate manually to avoid damage as the nut was reused. Men on the surface unscrewed the left hand threaded nut by twisting the stem while a diver observed below. The nut was evaluated by experts in Denver and deemed suitable for re-use.



RITSCHARD DAM, WOLFORD MOUNTAIN RESERVOIR – UPDATE ON REPAIR ACTIVITIES

The weather this spring was very challenging at times – for those topside. The divers didn't notice the weather much except transitioning from the surface to their underwater work.

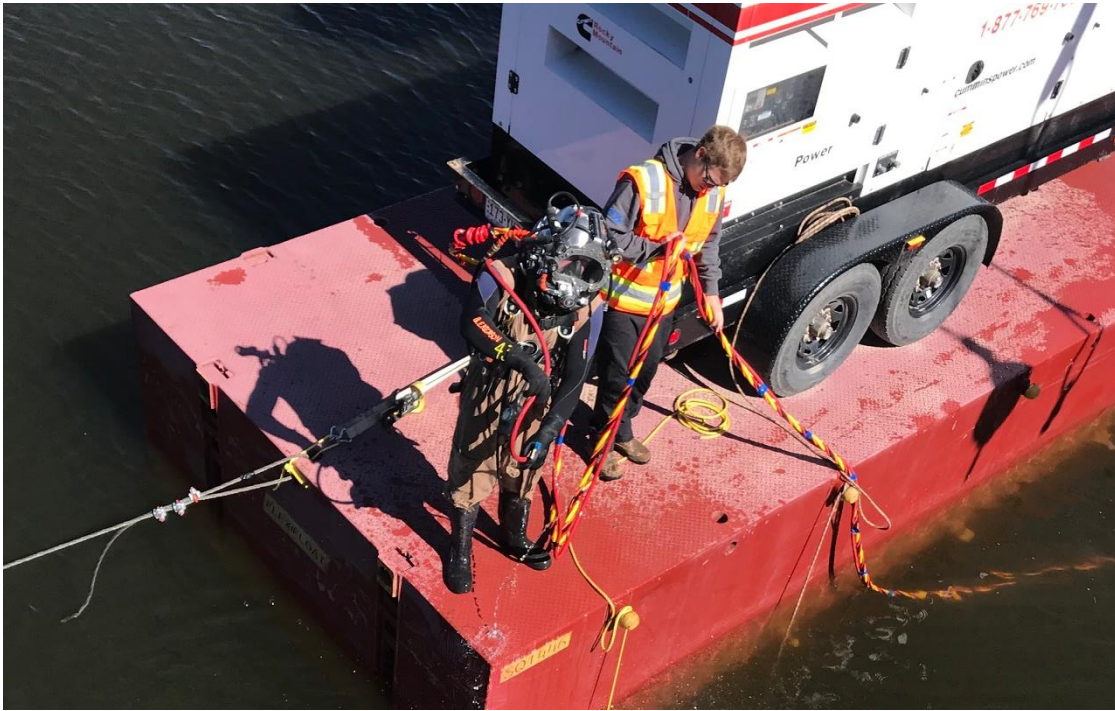


The divers were thankful for the hot water hose they used to maintain safe body temperature, even on the surface when they were getting ready.



Typically a diver had 30 minutes of bottom time and about 45 minutes of decompression in 3 stops, one dive per work day. The crew varied from 3 to 6 divers depending on the work being done. The divers could not leave Kremmling and cross any passes until sufficient time had passed for the nitrogen to leave their system, often leaving them waiting 8 hours after their Friday shortened dive (so they could leave that day) to head back to Denver for the weekend.

RITSCHARD DAM, WOLFORD MOUNTAIN RESERVOIR – UPDATE ON REPAIR ACTIVITIES



The wind and waves made even heavy lifts difficult at times, like the raising of the old gate, weighing 17,000 pounds.



RITSCHARD DAM, WOLFORD MOUNTAIN RESERVOIR – UPDATE ON REPAIR ACTIVITIES

The old gate seals were in worse condition than noted by the divers during the pre-design inspection. Close examination shows the portions of the gate frame casting designed to retain the seals were lost to corrosion or fracturing.



RITSCHARD DAM, WOLFORD MOUNTAIN RESERVOIR – UPDATE ON REPAIR ACTIVITIES



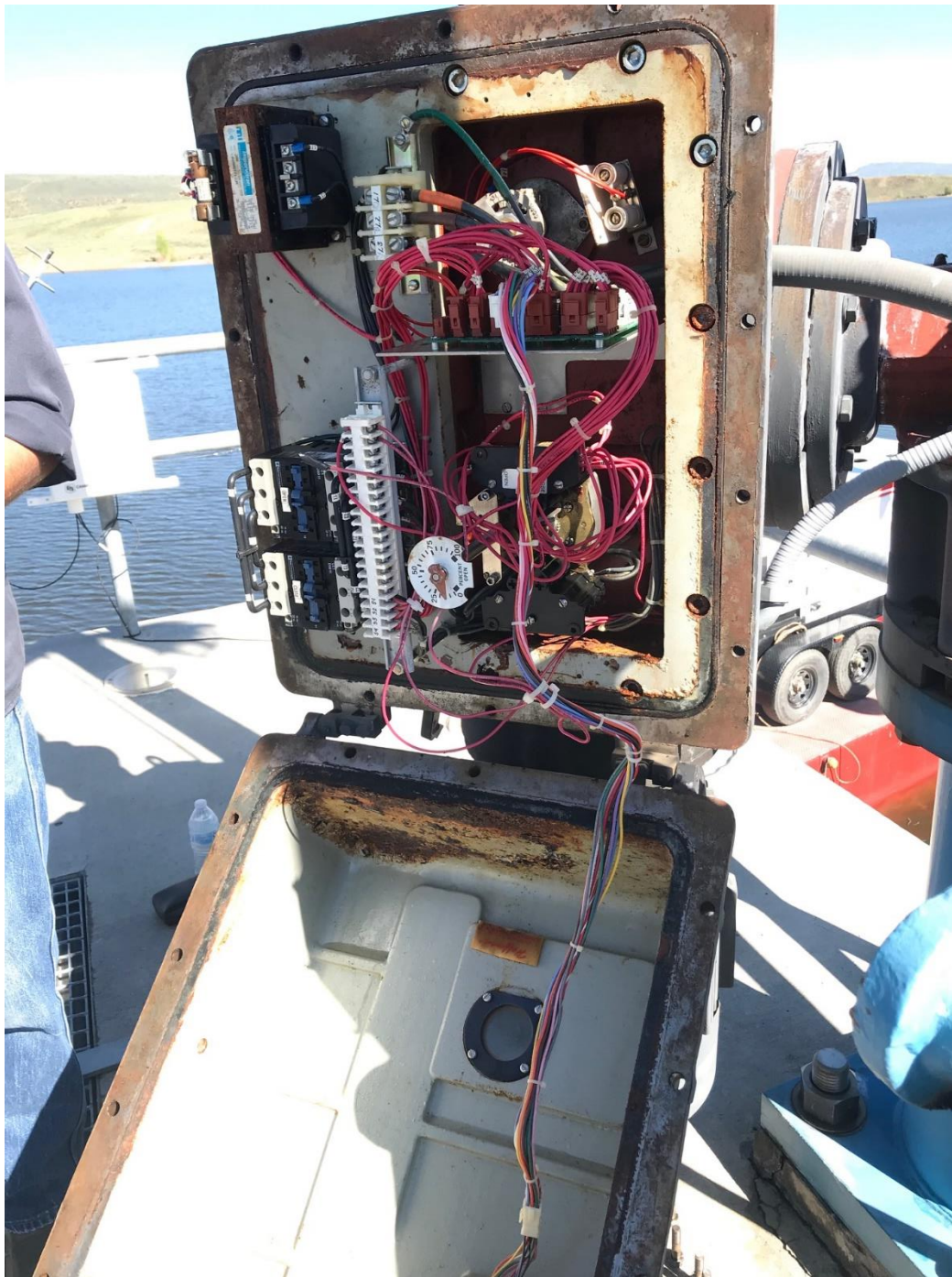
RITSCHARD DAM, WOLFORD MOUNTAIN RESERVOIR – UPDATE ON REPAIR ACTIVITIES

The new gate was lowered into place, bolted up, connected to the actuator, and tested. The actuator was set up by a factory trained service technician with diver observation on travel. Sounds simple but took more than a week.



RITSCHARD DAM, WOLFORD MOUNTAIN RESERVOIR – UPDATE ON REPAIR ACTIVITIES

The main gate actuator required significant attention as a modification in the past to over-ride the built in travel limit switches compromised the enclosure allowing rain water in. The complicated limit switch mechanism was corroded to the point of being frozen. The limit switch mechanism was cannibalized from the identical actuator on the guard gate to place the new main gate into service. New parts have been ordered to get the guard gate up and running again. More measures will be implemented to get the main gate actuator enclosure restored to factory specifications and made water tight.



RITSCHARD DAM, WOLFORD MOUNTAIN RESERVOIR – UPDATE ON REPAIR ACTIVITIES

The trash racks brought to the surface were found to be pretty rusted and the original galvanize coating failed in many areas.



MDS agreed to bring to the surface, water blast and epoxy coat the 10 trash rack panels. As it turned out the anchor bolts were drilled through the trash rack panel mounting points into the concrete during the original construction (confirmed in photos of the construction) and only 5 of the panels could be retrieved due to crooked bolts without cutting the panel mounts loose and reconstructing them. Those 5 panels were recoated and reinstalled. This was tedious work.



RITSCHARD DAM, WOLFORD MOUNTAIN RESERVOIR – UPDATE ON REPAIR ACTIVITIES

The trash racks were reinstalled. All that remains as of this writing is final tightening of the trash rack mounting hardware. Note in the photo below the water level under the bridge.



A surprise Saturday, June 22nd snow storm was not exactly welcome. The crew has gone to another work site for a week and will return July 2nd to wrap up the trash rack installation. The barge demobilization will be completed after the July 4th weekend.

Guard Gate Bottom Seal

Preparations for replacement of the bottom resilient seal on the 8 foot square guard gate at the upstream end of the 96 – inch conduit through the dam are underway as of this writing. The work requires River District personnel to walk 800 feet up the conduit from the downstream end to the inside of the base of the outlet tower. This is confined space work requiring special rescue training of River District staff in case an accident should occur. The training has been completed for the several staff members who may participate in the seal replacement exercise.

In addition the guard gate travel and torque limit switch mechanism will be replaced and properly set.

The seal work will likely occur prior to the Board meeting. Parts delivery for the limit switch work will allow the actuator work to occur in late July or early August.

30 inch Butterfly Valve Replacement

The 30 inch butterfly valve in the outlet works downstream of the sleeve valve will be replaced in late August after the valve is delivered.

96 inch Butterfly Valve Leakage Remedy

Remedying the leakage problem with the 96 inch butterfly valve requires several modifications of the operating system. As of this writing a key component, replacement of the 2 inch square key, has been completed. A specially fabricated key machined to fit the slot in the actuator yoke and the valve shaft was installed and initial testing shows the valve disc no longer rocks when the conduit downstream of the valve is dewatered and the conduit remains charged.

The next steps include conversion of the valve to full hydraulic ram travel and pressure switch position control (rather than rocker limit switches) and repositioning the disc in the seal to achieve the best seal. This work will include assistance by Pratt the valve manufacturer and installer of the seal in 2018. This work will likely be complete prior to the Board meeting and additional information will be available then.



New Spillway Safety Boom

The new spillway safety boom is in place and the 2019 spill is providing a good test. The boom is deploying as designed and will direct any swimmers away from the spillway to the upstream side of the fuse plug fills where they will be able to climb to safety.



Risk Assessment and FLAC Modeling Reports Finalization

A facilitated Probable Failure Modes/Risk Analysis workshop was held on February 23-25, 2016. The key parties and participants included; 1) the State Dam Safety Branch, 2) our Consultant Review Board, 3) our Engineer, AECOM, and 4) River District staff. Denver Water personnel observed. Key conclusions were:

- The PFMA/RA workshop participants concluded that **the risk of a deformation-related dam failure** occurring in any given year is **two orders of magnitude lower** (1×10^{-8} , or 1 in 100 million) than the normally acceptable risk of a probable maximum flood causing failure due to overtopping the dam (1×10^{-6} , or 1 in a million). Thus, the deformation-related public risk is much lower than other, normally acceptable dam-related risks.

RITSCHARD DAM, WOLFORD MOUNTAIN RESERVOIR – UPDATE ON REPAIR ACTIVITIES

- The workshop participants concluded and agreed that from a risk-based perspective there is no compelling reason to proceed with remediation of the dam now or in the foreseeable future. The dam is functioning properly, and has a very high probability of continuing to function properly even if deformation continues at the historical rate for many more years.
- It was concluded and agreed that normal reservoir operation along with continued reasonable monitoring is appropriate. While operating the reservoir 10 ft. down slows deformation, it just prolongs the time it takes to complete the deformation.
- It was concluded and agreed that a reasonable monitoring program will provide extensive advanced notice of any impending dam safety concern. With extensive advanced notice, an appropriate response can be implemented. An appropriate response might range from intensified observation and monitoring up to implementing an embankment remediation plan.

Two reports authored by AECOM documenting this process have been finalized within the last 45 days. Both the reports have been substantially complete for well over a year with only minor, non-substantial edits required for completion.

The first is the “FLAC” (Fast Lagrangian Analysis of Continua) report. The FLAC report documents the highly sophisticated computer analysis utilized to analyze past and ongoing embankment deformation and project future deformation in support of the Probable Failure Modes / Risk Analysis.

The second is the Probable Failure Modes / Risk Assessment report documenting the background, procedures, process, and conclusions of the facilitated Probable Failure Modes / Risk Analysis workshop. The primary conclusions are those summarized in the bullet points above.

Both these reports have previously been provided in draft form to the Colorado Division of Water Resources State Dam Safety Branch. By the July meeting final copies will have been filed with the Dam Safety Branch.

Dam Crest Road Crack Investigation

As directors are aware, a transverse crack was observed in the Ritschard Dam crest roadway at Station 18+25 near the west end of the dam Friday, January 4, 2019 during routine inspections. A significant amount of investigation, evaluation, and discussion with the State Dam Safety Branch has occurred in the six months since the crack was observed.

The crack was hand excavated in frozen ground January 7, 2019 at two places to a depth of about 10 inches where visible evidence of the crack was lost. Two inches of white, fine silica sand was placed in the holes prior to backfilling. The crack was measured, depth probed, and

RITSCHARD DAM, WOLFORD MOUNTAIN RESERVOIR – UPDATE ON REPAIR ACTIVITIES

After the ground thawed the crack was more extensively investigated on April 26. There was some evidence of the crack in the top 2 ft. of the impervious clay core where minor traces of white silica sand were noted. The crack could not be observed except where there were minor traces of white sand. Prior to backfilling the excavation additional silica sand was placed to aid observation should it be determined that future excavation and evaluation is warranted.

Dr. John Smart, one of the special advisors consulted during the Risk Assessment evaluation, was retained to provide his professional insight. Dr. Smart concluded, based on the orientation of the crack, that it is not related to the embankment slope deformation but more likely due to tensile strain along the crest. While it is impossible to determine the cause with absolute certainty, the evidence points to a combination of dust suppression wetting and heavy truck traffic during last summer's crest restoration, combined with extremely cold (-30° F) temperatures when the crack was observed on January 4.

This type of cracking was contemplated during the risk assessment and taken into account in the monitoring plan approved by the Dam Safety Branch. We continue to operate and monitor consistent with the June 8, 2018 Ritschard Dam Monitoring Plan.

On May 22 staff met on-site with Bill McCormick, Chief of the Dam Safety Branch, and Dana Miller, Dam Safety Engineer, to observe and discuss the crack. In follow-up to that meeting we submitted a draft 2019 operating plan to the Dam Safety Branch that outlines normal operations and embankment monitoring as set forth in the June 8, 2018 Ritschard Dam Monitoring Plan. Discussions with the Dam Safety Branch will be ongoing.



Colorado River District

Protecting Western Colorado Water Since 1937

MEMORANDUM

June 28, 2019

TO: CRWCD Board of Directors

FROM: Hunter Causey, P.E. *HC*

Subject: Wolford Rec Area Concessionaire Recommendation

ACTION: *Authorization for Staff to enter into a three year agreement with Pass Creek Investments to act as the concessionaire for the recreation area and marina at the River District's Wolford Mountain Reservoir Project, subject to approval by the General Manager and General Counsel to ensure consistency with the fee structure, revenue split, and additional terms discussed with the Board at its January 2019 Quarterly Meeting.*

STRATEGIC INITIATIVES: 13. Asset Management

I. Background

Red Mountain RV, LLC, the current concessionaire who has operated the Wolford Recreation Area since 2002, informed the District last fall that they are not interested in extending their contract beyond the October 31, 2019 termination date. Staff utilized this change in contractor as an opportunity to evaluate the current fee structure, revenue split and additional components of the contract which were discussed with the Board in January 2019. Additionally, consistent with Board direction, the River District has entered into an agreement with Red Mountain RV to purchase inventory subject to inspection including several docks, buildings, fuel pump and equipment, and the website and reservation system.

II. Request for Qualifications and Selection Process

In order to identify a replacement concessionaire, Staff advertised a Request for Qualifications (RFQ) during May, 2019. The RFQ included a description of the revised revenue split and fee increase as presented to the Board at the January 2019 Board meeting. A mandatory pre-submittal walk-through was held with interested contractors on May 31st to ensure that the contractors understood the requirements of the contract.

Staff received qualifications from four potential concessionaires and evaluated the qualifications utilizing the four criteria described in the RFQ: applicable business experience, financial statement, business references and operating plan. After an initial staff level review, the list was shortened to two contractors, Pass Creek Investments (PCI) and Lakanookie, Inc. Three staff members, Hunter Causey, Audrey Turner and Kem Davidson, conducted in-person interviews

201 Centennial Street / PO Box 1120 • Glenwood Springs, CO 81602

(970) 945-8522 • (970) 945-8799 Fax

www.ColoradoRiverDistrict.org

with the two, and is recommending that we move forward with Pass Creek Investments (PCI). Staff is basing this recommendation on the four evaluation criteria described in the RFQ and the interview. Pass Creek Investments is owned by Doug and Kristin Prewitt who have also owned and operated Grand Power and Plumbing since 2002 with whom the River District has contracted for electrical work since 2009. Through staff experience during this time and their written qualifications, PCI has demonstrated their ability to successfully operate a business including the financial and employee management, and public relation skills needed to operate the recreation area. The Prewitt's have six individuals who will be working together to provide the overall management of the rec area and the marina while continuing to hire camp hosts and ANS inspectors to assist with the day-to-day operations.

III. Summary

Based on their written qualifications, additional information from an in-person interview, the positive existing working relationship at the recreation area, and their familiarity with the project, staff is recommending the team from Pass Creek Investments transition into the concessionaire role. Staff recommends entering into a three-year agreement. The new concessionaire will initiate their contract by this fall in order to be prepared to operate the project during the 2020 recreation season.



Colorado River District

Protecting Western Colorado Water Since 1937

MEMORANDUM

JULY 1, 2019

TO: BOARD OF DIRECTORS
PETER FLEMING, GENERAL COUNSEL
ANDY MUELLER, GENERAL MANAGER

FROM: JOHN CURRIER, PE

SUBJECT: EAGLE RIVER MOU UPDATE

ACTION: No action requested. Update only.

STRATEGIC INITIATIVES: 3.A, C Climate and Hydrologic Uncertainty
7.C Water Needs/Project Development
8.A Colorado Water Plan

At the April 2018 meeting staff recommended, and the board agreed, that the River District **not participate in the proposed Eagle Park Reservoir enlargement** on the basis that additional Eagle River water marketing supplies are not needed in the foreseeable future. As a signatory to the ERMOU, staff has remained active in the ongoing discussions amongst the ERMOU partners. This memorandum provides a brief update on activities over the past year.

In a nutshell, over the past year, progress has moved very slowly and has been mostly process oriented.

- The ERMOU partners have spent significant time coordinating with the Eagle River Community Water Plan (ERCWP) process to ensure that the partner's interests are fairly and adequately represented in this integrated watershed planning process. This discussion also includes how the ERCWP process can use and build on the statemod model prepared primarily by the Eagle River Water and Sanitation District and Upper Eagle Regional Water Authority (District and Authority) rather than creating a new model that would require extensive time and cost.
- A significant amount of time has been spent developing a model sharing agreement that would allow the Homestake Partners (Colorado Springs and Aurora) to utilize the same District and Authority model for feasibility level yield analyses and permitting.
- The District and Authority have taken the focus off an Eagle Park Reservoir enlargement in order to focus, in the near term, on developing Bolts Reservoir immediately upstream of the Town of Minturn. The long term focus is still on an Eagle Park enlargement but

201 Centennial Street / PO Box 1120 • Glenwood Springs, CO 81602

(970) 945-8522 • (970) 945-8799 Fax

www.ColoradoRiverDistrict.org

developing Bolts Reservoir would provide a water supply cushion until an Eagle Park Reservoir enlargement can be brought on line.

- The Homestake Partners are continuing to evaluate Whitney Creek alternatives that could provide the 20,000 acre-foot average annual yield contemplated in the ERMOU. The most recent activity is filing an SF-299 application with the Forest Service to allow geophysical surveys on Forest Service land along two alternative dam axis alignments. This work was originally proposed several years ago following initial geologic mapping and is now proposed for the summer of 2019. As the District, Authority and River District are not participating in any Homestake Creek based alternative at this time, this effort is now being carried forward solely by the Homestake Partners.
- Aurora purchased a 150 acre private parcel (Tracht parcel) in the vicinity of Whitney Creek that would help facilitate project development in that area.
- The District and Authority have been working with Climax Molybdenum Co. on an access agreement that is necessary to accommodate investigations of an Eagle Park Reservoir enlargement as well as accommodate the enlargement when constructed.

We expect progress on any ERMOU project to move very slowly over the next several years and will keep the board informed as efforts continue.



June 19, 2019

Dear West Slope Official:

Northern Water invites you to attend a day-long tour of some of the many facilities and projects it is pursuing east of the divide. The tour will be held on Thursday, August 29, and is intended to target individuals having water-related leadership roles throughout the upper Colorado River headwaters' counties.

We're conducting this special tour to allow officials and other water interests to tour the Colorado-Big Thompson Project's distribution system, as well as the site of the Windy Gap Firming Project's Chimney Hollow Reservoir. Along the way you'll also view many of the C-BT Project's East Slope facilities including Carter Lake and the interconnected infrastructure that allows for water delivery along the northern Front Range. The tour will depart from the Farr Pump Plant (situated on the northern shore of Lake Granby) at 8 a.m. We anticipate returning to the Farr Pump Plant by 6 p.m. that same evening.

Please register for the tour by contacting vgomez@northernwater.org in order that we have a correct accounting of participants. Northern Water will provide refreshments prior to departing for the East Slope and lunches will be provided as we work our way along the delivery system.

The staff of Northern Water and I hope you can attend this tour. If you have any questions, please contact Brian Werner at 970-622-2229.

Sincerely,



Brad Wind
General Manager



Northern Water
Tour of Facilities
August 29, 2019
DRAFT

7 a.m.	Arrive Farr Pump Plant <i>(Coffee/donuts provided)</i>
7:15 - 7:30 a.m.	Introduction to Northern Water and Day's Schedule
7:30 – 8:30 a.m.	Load Bus and Depart for Trail Ridge Road and Rocky Mountain National Park <i>Busses will stop at Alpine Visitor's Center, top of Trail Ridge Road (8:30 a.m.)</i>
8:45 a.m.	Depart for East Slope via Trail Ridge Road and Rocky Mountain National Park
9:45 a.m.	Arrive Estes Park – Drive-by Tour of Lake Estes Discuss C-BT power system operations
10:15 a.m.	Travel Down Big Thompson Canyon
11:15 a.m.	Arrive Chimney Hollow Reservoir Site Presentation on Windy Gap Firing Project
11:45 a.m.	Depart for Flatiron Reservoir and Lunch
12 Noon	Lunch
12:30 p.m.	Presentation by Larimer County Parks and Open Lands
1 p.m.	Depart for Northern Water Headquarters in Berthoud
1:15 p.m.	Arrive at Headquarters, Brief Break, Restrooms Available
1:30 p.m.	Presentation on Northern Integrated Supply Project and Project Operations
2:30 p.m.	Tour Conservation Gardens
3:15 p.m.	Depart for West Slope via Big Thompson Canyon and Trail Ridge Road
5:30 p.m.	Estimated Arrival Back at Farr Pump Plant